

**GREATER VANCOUVER DISTRICTS
AND HOUSING CORPORATION**

Financial Statements

Year ended December 31, 2004

**GREATER VANCOUVER REGIONAL DISTRICT
GREATER VANCOUVER WATER DISTRICT
GREATER VANCOUVER SEWERAGE & DRAINAGE DISTRICT**

MANAGEMENT REPORT

The Financial Statements contained in this report have been prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB), and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

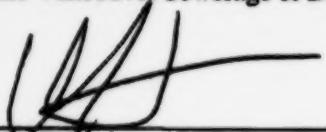
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Districts' Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board.

The Districts' internal auditors have the responsibility for assessing the management systems and practices of the corporation.

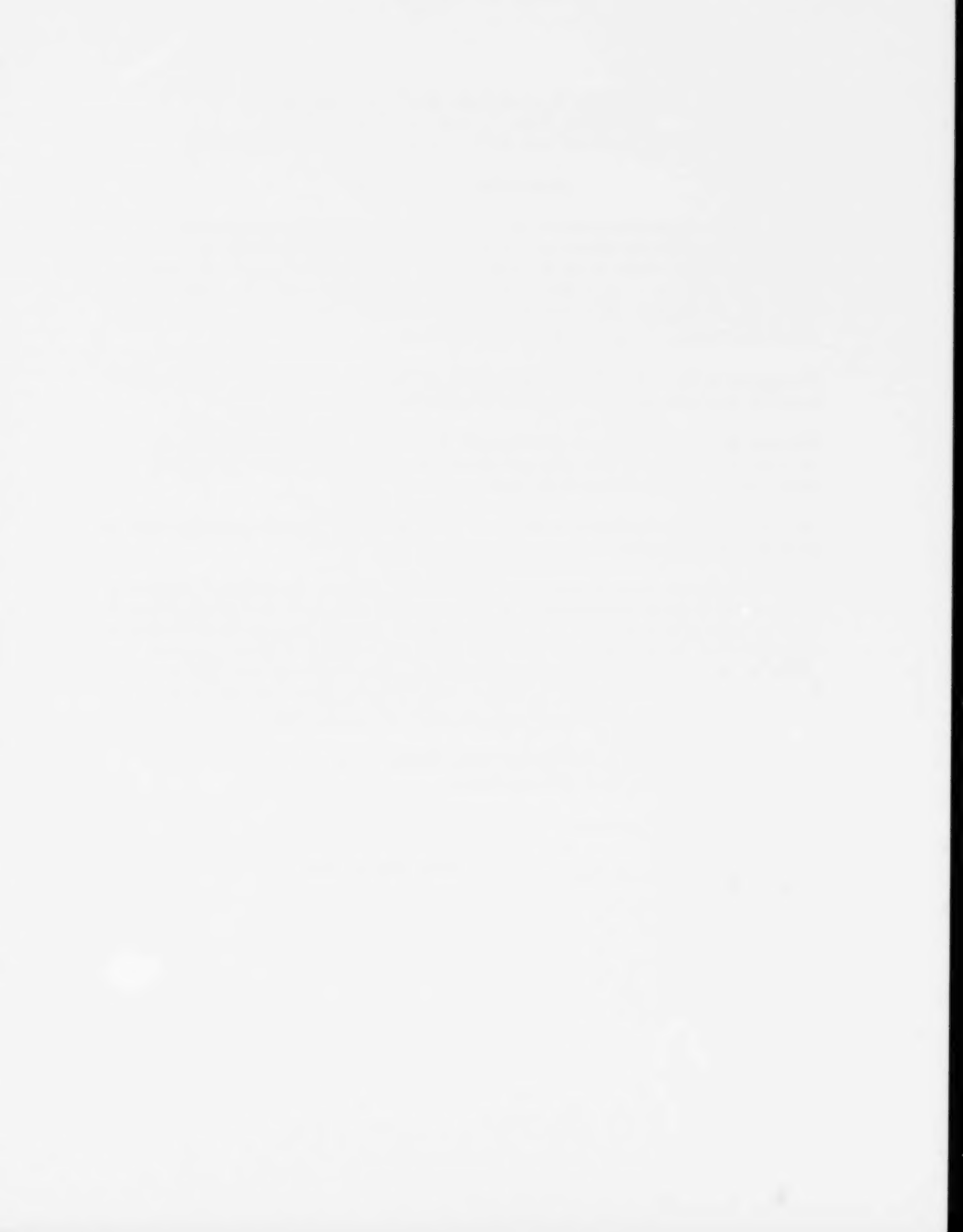
The external auditors, Ernst & Young LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Financial Information Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Finance Committee of the Board and meet with it on a regular basis.

On behalf of Greater Vancouver Regional District, Greater Vancouver Water District and Greater Vancouver Sewerage & Drainage District



Gordon Ruth
Treasurer

Date: April 11, 2005



Consolidated Financial Statements of

**GREATER VANCOUVER
REGIONAL DISTRICT**

Year ended December 31, 2004

AUDITORS' REPORT

To the Members of the
Greater Vancouver Regional District

We have audited the consolidated statement of financial position of the **Greater Vancouver Regional District** as at December 31, 2004 and the consolidated statements of financial activities, changes in financial position, operating fund activities, capital funds and reserve funds for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
March 29, 2005.

Ernst & Young LLP

Chartered Accountants

GREATER VANCOUVER REGIONAL DISTRICT

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December 31, 2004

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GREATER VANCOUVER REGIONAL DISTRICT

Exhibit A

Consolidated Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003 (restated - note 2)
Financial Assets		
Cash and cash equivalents	\$ 146,507,244	\$ 112,925,297
Short-term investments	123,387,072	87,734,471
Accounts receivable	51,726,246	46,689,577
Other assets	5,913,795	5,851,142
Due from local governments and related entities	875,821,835	845,851,269
Long-term investments	171,079,338	189,486,256
Debt reserve fund (note 6)	43,566,487	40,448,810
	<u>1,418,002,017</u>	<u>1,328,985,822</u>
Liabilities		
Accounts payable and accrued liabilities	56,404,178	49,583,305
Landfill post closure liability (note 7g)	4,274,330	2,541,738
Interest accrued on long-term debt	26,562,843	25,165,733
Deferred revenue and refundable deposits (note 4c)	42,246,140	43,652,492
Debt reserve fund, contra (note 6)	29,342,501	26,814,748
Long-term debt (note 5)	2,444,073,451	2,332,854,105
Less: Sinking funds	(568,904,422)	(521,424,835)
Net long-term debt	<u>1,875,169,029</u>	<u>1,811,429,270</u>
	<u>2,033,999,021</u>	<u>1,960,187,286</u>
Net Financial Liabilities	<u>(615,997,004)</u>	<u>(631,200,464)</u>
Non Financial Assets		
Property, plant and equipment (note 4)	2,205,820,733	2,060,235,904
Net Assets	<u>\$ 1,589,823,729</u>	<u>\$ 1,429,035,440</u>
Equity		
Fund Balances		
Operating fund (Exhibit D)	\$ 5,217,520	\$ 4,069,226
Capital funds (Exhibit E)	85,869,557	94,408,371
Reserve funds (Exhibit F)	502,494,461	466,424,311
Total fund balances (Exhibit B)	<u>593,581,538</u>	<u>564,901,908</u>
Equity in capital assets	996,242,191	864,133,532
Total Equity	<u>\$ 1,589,823,729</u>	<u>\$ 1,429,035,440</u>

Contingencies (notes 6 and 7)

Subsequent events (note 9)

See accompanying notes to financial statements.

Treasurer

GREATER VANCOUVER REGIONAL DISTRICT

Exhibit B

Consolidated Statement of Financial Activities

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Revenue:			
Members' tax requisitions	\$ 32,603,421	\$ 32,603,421	\$ 29,604,648
Government grants and assistance	80,929,488	41,736,448	9,053,050
Sewerage and drainage levy	132,750,878	132,750,878	127,529,660
Development cost charges	8,306,859	26,814,626	19,765,758
Metered sale of water	95,569,924	95,215,358	84,560,010
Trucked liquid waste fees	1,283,474	1,400,629	1,308,785
Tipping fees	64,735,295	69,837,003	66,216,439
Source control fees	260,000	277,942	265,502
Steam and electricity sales	9,986,357	7,749,018	8,277,842
Property rentals	27,989,039	28,200,674	27,385,346
User fees, recoveries and other revenue (note 8)	8,171,511	31,966,034	14,856,309
Sinking fund and interest income	3,063,279	18,678,019	20,002,012
	465,649,525	487,233,650	408,825,361
Expenditure:			
Operating (Exhibit D)	322,504,276	305,333,153	295,220,075
Capital (Exhibit E)	265,555,759	160,653,451	105,471,085
Reserve (Exhibit F)	7,291,606	6,043,586	5,050,264
	595,351,641	472,030,190	405,741,424
Excess (shortfall) of revenue over expenditure	(129,702,116)	15,203,460	3,083,937
Financing Activities:			
Debtenture debt and sinking fund activity	70,225,650	21,220,000	190,000,000
Mortgages issued	-	-	6,990,000
Principal repaid on long-term debt	(7,716,230)	(7,743,830)	(7,019,634)
Increase (decrease) in fund balances	(67,192,696)	28,679,630	193,054,303
Fund balances, beginning of year	564,901,908	564,901,908	371,847,605
Fund balances, end of year	\$ 497,709,212	\$ 593,581,538	\$ 564,901,908

See accompanying notes to financial statements.

Treasurer

GREATER VANCOUVER REGIONAL DISTRICT

Exhibit C

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003 (restated - note 2)
Operations:		
Excess of revenue over expenditure before financing activities	\$ 15,203,460	\$ 3,083,937
Increase in accounts receivable	(5,036,669)	(5,813,750)
Increase (decrease) in accounts payable and accrued liabilities	6,820,873	(1,110,100)
Increase in landfill post closure liability	1,732,592	559,623
Increase (decrease) in deferred revenue and refundable deposits	(1,406,352)	40,920,379
Increase in other financial assets	(121,485)	(143,364)
Net increase in cash from operations	17,192,419	37,496,725
Investing:		
Increase in short-term investments	(41,652,601)	(87,734,471)
Decrease (increase) in long-term investments	24,406,918	(171,807,212)
Net increase (decrease) in cash from investing	(17,245,683)	(259,541,683)
Financing:		
Decrease (increase) in due from local governments and related entities	(29,970,566)	7,583,700
Increase in long-term debt, net	111,219,346	226,384,279
Decrease (increase) in unamortized debenture discount / premium	58,832	(697,947)
Increase in interest accrued	397,110	1,790,481
Increase in MFA debt reserve fund	(589,924)	(2,090,389)
Increase in sinking fund	(47,479,587)	(10,738,267)
Net increase in cash from financing	33,635,211	222,231,857
Increase in cash	33,581,947	186,899
Cash and cash equivalents, beginning of year	112,925,297	112,738,398
Cash and cash equivalents, end of year	\$ 146,507,244	\$ 112,925,297

See accompanying notes to financial statements.

GREATER VANCOUVER REGIONAL DISTRICT

Exhibit D

Consolidated Statement of Operating Fund Activities

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Revenue			
Members' tax requisitions	\$ 32,603,421	\$ 32,603,421	\$ 29,604,648
Government grants and assistance	7,877,049	7,786,886	7,997,959
Sewerage & drainage levy	132,750,878	132,750,878	127,529,660
Development cost charges	8,306,859	8,072,551	7,840,518
Metered sale of water	95,569,924	95,215,358	84,560,010
Trucked liquid waste fees	1,283,474	1,411,629	1,308,785
Tipping fees	64,735,295	69,837,003	66,216,439
Source control fees	260,000	277,942	265,502
Steam and electricity sales	9,986,357	7,749,618	8,277,842
Property rentals	27,989,039	28,203,674	27,385,346
User fees, recoveries and other revenue	8,371,511	16,158,976	15,053,069
	389,733,807	400,056,936	376,039,778
Expenditures			
Core functions			
Sewer operations	100,626,086	92,679,945	92,655,533
Waste disposal, recycling and regulatory services	70,391,484	68,836,764	66,901,040
Water operations	66,137,224	65,502,339	57,710,562
General government services	2,439,590	2,672,185	2,232,830
Regional parks	13,252,622	12,677,128	12,461,678
Air quality	4,645,005	4,287,019	4,329,980
Labour relations	1,896,301	1,711,523	1,806,224
911 emergency telephone system	2,580,878	2,510,720	2,549,842
Electoral areas	214,135	199,610	180,066
Sasamat volunteer fire department	138,891	160,823	95,064
Strategic planning	1,313,379	1,090,529	745,894
Housing rental operations	24,634,943	22,556,249	24,898,822
	288,270,538	274,884,834	266,567,535
Corporate functions			
CAO's office	825,067	742,966	761,127
Communication & education	3,036,444	2,582,596	2,534,765
Corporate library	171,442	165,542	150,230
Corporate records & information management	257,429	219,695	566,747
Corporate safety	1,153,264	962,518	883,096
Corporate strategies	273,154	253,358	283,161
Finance and administration	7,028,721	6,503,034	5,595,600
GVRD employee trip reduction	40,488	76,149	30,658
Human resources	1,828,764	1,801,667	1,740,148
Building operations - head office	6,439,384	5,465,449	6,210,816
In-house legal	297,245	402,392	260,203
Information technology	12,882,336	10,833,230	9,510,684
Other corporate costs	-	439,723	125,305
	34,233,738	30,448,319	28,652,540
	322,504,276	305,333,153	295,220,075
Excess of revenue over expenditure	67,229,531	94,723,783	80,819,703
Less principal repaid on long-term debt	(316,230)	(316,231)	(549,985)
Transfers from (to):			
Capital funds	(35,683,616)	(38,750,133)	(26,607,538)
Reserve funds for:			
Sinking fund	(37,886,431)	(39,118,948)	(42,568,956)
Reserves	5,862,697	6,868,953	(2,445,818)
Reserves - Operating fund surplus	1,236,215	(22,259,130)	(7,878,673)
Increase in operating fund	442,166	1,148,294	768,733
Operating fund balance, beginning of year	4,069,226	4,069,226	3,300,493
Operating fund balance, end of year	\$ 4,511,392	\$ 5,217,520	\$ 4,069,226

See accompanying notes to financial statements.

GREATER VANCOUVER REGIONAL DISTRICT

Exhibit E

Consolidated Statement of Capital Funds

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Capital funding:			
Revenues			
Grants and contributions (note 4c)	\$ 73,052,439	\$ 33,949,562	\$ 1,055,091
Proceeds from disposal of assets (note 8)	-	13,458,529	-
Other revenue	-	683,778	530,901
	73,052,439	48,091,869	1,585,992
Internal transfers from:			
Operating funds	35,683,616	38,750,133	26,607,538
Reserve funds	35,571,766	8,480,234	20,067,637
	71,255,382	47,230,367	46,675,175
Financing:			
Debenture debt issued	113,225,650	64,220,000	226,800,000
Mortgages issued	-	-	6,990,000
Principal repaid on long-term debt	(7,400,000)	(7,427,599)	(6,469,649)
	105,825,650	56,792,401	227,320,351
	250,133,471	152,114,637	275,581,518
Capital expenditures:			
Solid waste management facilities	10,072,480	1,235,514	20,866,196
Property, plant and equipment	219,746,439	123,448,062	78,108,324
Debenture discount and debt reserve contributions	924,614	835,044	1,225,748
Parks acquisition, improvement and replacement	36,012,226	35,134,831	5,270,817
	266,755,759	160,653,451	105,471,085
Increase (decrease) in capital fund	(16,622,288)	(8,538,814)	170,110,433
Capital fund balance, beginning of year	94,408,371	94,408,371	(75,702,062)
Capital fund balance, end of year	\$ 77,786,083	\$ 85,869,557	\$ 94,408,371

See accompanying notes to financial statements.

GREATER VANCOUVER REGIONAL DISTRICT

Exhibit F

Consolidated Statement of Reserve Funds

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Reserve fund balances, beginning of year	\$ 466,424,311	\$ 466,424,311	\$ 444,249,174
Add:			
Interest allocated to reserves	2,863,279	4,251,305	5,450,291
Development cost charges income	-	18,742,075	11,925,240
Sinking fund income	-	13,826,470	13,821,466
Other income	-	2,264,995	2,594
	2,863,279	39,084,845	31,199,591
Internal transfers from (to):			
Capital fund	(35,571,766)	(8,480,234)	(20,067,637)
Operating funds for:			
Sinking fund	37,886,431	39,118,948	42,568,956
Reserves	(5,862,697)	(6,868,953)	2,445,818
Reserves - Operating fund surplus	(1,236,215)	22,259,130	7,878,673
	(4,784,247)	46,028,891	32,825,810
Less sinking fund debt maturity	(43,000,000)	(43,000,000)	(36,800,000)
Less expenditures:			
Housing repairs and maintenance	6,821,531	4,709,710	4,549,155
Other expenditures	470,075	1,333,876	501,109
	7,291,606	6,043,586	5,050,264
Increase (decrease) in reserve fund	(52,212,574)	36,070,150	22,175,137
Reserve fund balances, end of year	\$ 414,211,737	\$ 502,494,461	\$ 466,424,311

See accompanying notes to financial statements.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 1

Year ended December 31, 2004

The Greater Vancouver Regional District's (the "District") financial statements consolidate the financial position and results of operations of four legal entities: Greater Vancouver Regional District ("GVRD"), Greater Vancouver Sewerage and Drainage District ("GVS&DD"), Greater Vancouver Water District ("GVWD") and Greater Vancouver Housing Corporation ("GVHC").

The GVRD was established under the Local Government Act of British Columbia. As with all regional districts, it provides a number of specific and agreed-on services directly to the public and its member municipalities, the major one of which is the ownership and operation of a network of regional parks. Its Board of Directors is comprised of mayors and councilors from the member municipalities appointed for that purpose by the municipalities. The number of directors, and the number of votes each may cast, is based on the population of the municipality. Under the legislation, all staff, even if their work is under the authority of the related regional organizations, are employees of the Regional District. The District serves as the borrowing conduit between the member municipalities (excluding the City of Vancouver), the GVWD, the GVS&DD, and the Greater Vancouver Transportation Authority ("GVTA") with short term and long term lenders. All debt is a joint and several liability of the member municipalities.

The GVS&DD was established by an Act of the same name in 1956. Its two primary responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the GVRD, and the disposal of solid waste both for the municipalities of the GVRD and the public. It owns and operates a number of wastewater treatment plants and a related collection network connected to the municipal collection systems, and several solid waste facilities including a waste and energy facility. Its Administration Board is comprised of the same councilors and mayors as appointed to the GVRD Board by the participating municipalities. The member municipalities, under the Act, are jointly and severally liable for its debts.

The GVWD was established by an Act of the same name in 1924. Its primary responsibility is the supply of potable water to its member municipalities. Its Administration Board is comprised of the same councilors and mayors as appointed to the GVRD Board by the participating municipalities. The District owns or holds under a 999 year lease from the Province an extensive closed watershed as its source of supply. It owns a series of dams, reservoirs, water treatment plants and a distribution network connecting to the municipal distribution systems. The member municipalities, under the Act, are jointly and severally liable for its debts.

The GVHC is a wholly-owned subsidiary of the Greater Vancouver Regional District. The Corporation was incorporated under the Company Act (British Columbia) for the purpose of supplying rental accommodation.

All transactions and balances between the entities have been eliminated.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2004

1. Significant accounting policies

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized below.

(a) Use of estimates:

The preparation of these financial statements in conformity with generally accepted accounting principles for local government financial reporting requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on the District's best information and judgement and may differ significantly based on actual results.

(b) Foreign exchange:

Foreign currency denoted agreements, debenture debt and demand notes are translated to Canadian dollars at the year end rate. Exchange gains or losses are recognized in operations.

(c) Property, plant and equipment:

Government assistance is recognized in the period in which events giving rise to the assistance occur and reasonable estimates of the amounts can be made. Grants received and amounts forgiven under financing agreements with senior levels of government, with respect to the construction of utility plants, are credited to the capital fund.

Amortization on properties other than rental properties and utility plants are not provided, however, principal repayments on the related long-term debt are recorded as a charge against revenue. Amortization on equipment is charged to operating revenue on a straight-line basis over 5 years, the estimated useful life of the assets.

Amortization of rental properties is charged against equity in capital assets and is provided on a straight-line basis over a period of 25 to 35 years.

Costs of repairs and maintenance are charged to operations; however, those expenditures which improve or extend the useful life of the asset are capitalized. Upon retirement or disposal of property and plant assets, the cost, net of proceeds, is charged to equity in capital assets. Upon retirement or disposal of equipment, the cost and related amortization are removed from the accounts and any gain or loss is reflected in net operating revenue for the year.

When park land is sold, the net proceeds are placed in a reserve fund to acquire land for regional park purposes and the cost is written-off to equity in capital assets.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2004

1. Significant accounting policies (continued)

(d) Inventories:

Supplies inventories are valued at the lower of weighted-average cost and replacement cost. Cattle inventories are valued at the lower of cost or net realizable value.

(e) Cash equivalents

The District considers all highly liquid financial instruments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents are recorded at the lower of cost plus accrued interest and market value.

(f) Investments:

Short-term investments consist primarily of money market instruments with an original maturity greater than 90 days but less than one year, and are carried at cost plus accrued interest, which approximates market value. Short-term investments earn interest of between 1.95% and 2.83% and mature between January 17, 2005 and April 15, 2005. The market value of investments was \$123,147,000 at December 31, 2004.

Long-term investments consist primarily of bonds and fixed income securities with maturity greater than one year, and are recorded at cost plus accrued interest. Long-term investments earn interest between 2.06% and 8.65%, and mature between February 2005 and October 2010. The market value of investments was \$168,329,053 at December 31, 2004.

(g) Debt charges:

Debt servicing requirements comprising principal repayments and interest are charged against revenue as incurred. Interest charges are accrued as a charge against revenue.

(h) Debenture discount, premium and expense:

Debenture discount, premium and expenses are amortized on a straight-line basis over the term of the related debt as an adjustment to the capital fund.

(i) Revenue recognition:

Revenues are recorded in the period in which the transactions or events that gave rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Districts discharge the obligations that led to the collection of funds.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2004

1. Significant accounting policies (continued)

(j) Landfill post closure:

The estimated current obligation of landfill post closure costs is recognized as a liability. The change in this liability during the year is recorded as a charge to operations.

2. Restatement of Prior Year

(a) In prior years, anticipated closure and post closure costs with respect to waste disposed at landfill sites, as described in note 7g, was included in reserve funds. In the current year, to comply with generally accepted accounting principles, the amount has been recorded as a liability and comparative figures restated accordingly. This restatement has resulted in the following changes to the 2003 comparative figures:

- (i) On the Statement of Financial Position (Exhibit A), the post closure liability has been increased by \$2,541,738 and the reserve fund balance decreased by the same amount.
- (ii) On the Statement of Operating Fund (Exhibit D), waste disposal expenditures increased by \$500,000, and reserve contributions decreased by the same amount.
- (iii) On the Statement of Reserve Fund (Exhibit F), opening reserve fund balance has decreased by \$1,982,115 and the reserve contribution by \$500,000.

(b) In prior years, debenture issues were recorded in long-term debt until all components of the issue reached maturity; however as each component matures an obligation no longer exists. Therefore, in 2004, debenture issue components that have matured are no longer included in long-term debt and comparative figures have been restated as follows:

- (i) On the Statement of Financial Position (Exhibit A), long-term debt and sinking funds each decreased by \$36,651,723, resulting in no change to the net long-term debt; reserve funds decreased by \$2,458,353 and equity in capital assets increased by \$2,458,353.
- (ii) On the Statement of Reserve Funds (Exhibit F), opening reserve funds have decreased by \$2,458,353.

3. Relationship to Greater Vancouver Transportation Authority

The GVTA was incorporated under the GVTA Act and commenced operations April 1, 1999 under the name TransLink. The GVRD provides cash and investment management services to GVTA and acts in a fiduciary capacity with respect to the long-term debt agreements described in note 5(b).

GVTA is not included in these consolidated financial statements, however, based on new criteria established by PSAB, GVTA's financial position and results of operations are to be included as part of the Districts' consolidated reporting entity by fiscal 2006.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2004

4. Property, Plant and Equipment

(a) The District's property, plant and equipment at December 31 are comprised of the following:

	<u>2004</u>	<u>2003</u>
Equipment	\$ 32,869,722	\$ 29,411,730
Less: accumulated amortization	<u>(16,974,262)</u>	<u>(14,692,044)</u>
	15,895,460	14,719,686
Rental properties	263,969,684	270,667,124
Less: accumulated amortization	<u>(115,404,503)</u>	<u>(109,430,329)</u>
	148,565,181	161,236,795
Supplies and cattle inventory	3,171,681	3,323,214
Parks properties	171,602,184	138,366,343
Sewer utility plant	1,210,067,486	1,184,468,390
Water utility plant	<u>656,518,741</u>	<u>558,121,476</u>
	\$ 2,205,820,733	\$ 2,060,235,904

(b) As at December 31, 2004, the GVS&DD Board authorized a total of \$178,252,000 relating to outstanding projects of which \$120,615,000 has been expended to December 31, 2004; the GVWD Board authorized \$827,243,000 of which \$249,825,000 has been expended to December 31, 2004.

(c) On December 6, 2002, the Seymour Filtration Plant Project received approval for funding under the green local government component of the Canada / British Columbia Infrastructure Program. The maximum approved federal/provincial contribution is \$100,000,000 of which \$40,000,000 was advanced in 2003. During 2004, \$2,277,815 of the advance was applied and recorded in grants and contributions. Accumulated interest of \$1,830,760 (\$917,247 in 2003) has been earned on the advance and included in deferred revenue. An additional \$6,819,567 of the approved grant was also received in the year.

5. Long-term debt

(a) All monies borrowed are upon the GVRD's credit at large and shall, in the event of any default, constitute an indebtedness for which its members are jointly and severally liable.

(b) The District has incurred, on behalf of the members and the GVTA, long-term debt through agreements with the Municipal Finance Authority ("MFA"). Under the terms of these agreements, the District is required to provide for and pay to the MFA certain sums. Where the MFA has determined that sufficient resources exist to retire a debenture on its maturity date without further instalments, debenture instalments are suspended by the MFA and the District's net liability is reduced to nil. If the sums provided for are not sufficient, such deficiency shall be a liability of the District to the MFA.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2004

5. Long-term debt (continued)

The District is reimbursed for any sums paid to the MFA by the member(s) and the GVTA whose undertakings were financed out of the proceeds of these obligations.

Long-term debt (net of sinking funds) is comprised of:

	2004	2003
GVRD	\$ 9,786,434	\$ 10,453,672
GVWD	415,960,911	393,914,618
GVS&DD	289,352,951	318,918,035
GVHC	185,208,497	192,636,096
GVTA	822,132,500	748,549,106
Member Municipalities	152,727,736	146,957,743
	\$ 1,875,169,029	\$ 1,811,429,270

Principal payments (including sinking fund instalments) due within the next five years are as follows:

	Long-term debt payments, net of GVHC mortgages	GVHC Mortgage Payments, assuming renewal	Total Debt Payments
2005	\$ 82,096,214	\$ 7,589,546	\$ 89,816,446
2006	93,068,048	7,987,804	101,186,538
2007	91,346,350	8,414,095	99,891,131
2008	87,569,256	8,864,233	96,564,175
2009	87,137,018	9,338,673	96,606,377
	441,216,886	42,194,351	484,064,677
Due after five years	1,248,743,646	143,014,146	1,385,526,394
Total	\$1,689,960,532	\$ 185,208,497	\$1,875,169,029

These amounts do not include interest earned on sinking fund assets which together with principal payments are sufficient to retire the sinking fund issues at maturity.

- (c) For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.

To finance certain sinking fund agreements, the MFA has issued securities which mature considerably earlier than, or that are redeemable at the option of the holder prior to, the maturity date of the corresponding District's agreements. The MFA will be required to refinance all or a portion of these issues, except where the holder does not exercise this option on certain issues.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2004

5. Long-term debt (continued)

- (d) As part of the change in governance and financing of transportation in the region through the establishment of the GVTA, the GVRD became a party to rights and obligations of currency and interest rate swap transactions originally undertaken by the Province of British Columbia. The underlying agreements payable and amounts due from local governments and related entities have been recorded at the Canadian dollar value of the swap transaction, as have the debt charges paid and recoveries to December 31, 2004. The nominal amount of the agreements payable and amounts due from local governments and related entities covered by currency and interest rate swap transactions is \$184.0 million (2003 - \$184.0 million).

6. Debt reserve fund

The District is required to pay into a debt reserve fund administered by the MFA, an amount equal to one-half the average annual instalment of principal and interest relative to any borrowing for its own purposes and on behalf of member municipalities and GVTA. This amount may be paid either in full or in an amount equal to 1% (GVTA - 2%) of the principal amount borrowed together with a non-interest bearing demand note for the balance. Similarly, the District receives cash deposits and demand notes from member municipalities and related entities with respect to their share of the funds borrowed from the MFA. At December 31, 2004 the debt reserve fund administered by the MFA on behalf of the District, member municipalities, and the GVTA comprised \$43,566,487 (2003 - \$40,448,810) in cash deposits. In addition, \$84,641,343 (2003 - \$82,484,896) in demand notes were outstanding and become payable in the event of default on certain debentures.

If, at any time, the MFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the MFA and receivable from member municipalities and the GVTA are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position. The cash amounts of these transactions will be repaid with interest to the ultimate borrower when the final instalments under the respective loan agreements have been made.

7. Contingencies

(a) Lawsuits:

As at December 31, 2004 there were lawsuits pending against the Districts arising in the ordinary course of business. The Districts have retained legal counsel to defend against these lawsuits. It is not possible to predict the outcome of these lawsuits at this time. Management is of the opinion that the losses, if any, resulting from those lawsuits can be sufficiently funded by reserve funds.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2004

7. Contingencies (continued)

(b) Self insurance fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the Districts.

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The Districts contribute to the fund depending on the fund's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims incurred prior to year end and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These adjustments are changed as additional information becomes known during the course of claims settlement.

(c) Pension plan:

The District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustees pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan. The Plan has about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. Contribution rates for both plan members and their employers have been increased effective July 1, 2005 to fund this liability. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The District paid \$4,170,239 for employer contributions to the Plan during the year ended December 31, 2004. (\$3,899,104 in 2003). The employees' contributions amounted to \$4,099,029 (\$3,780,520 in 2003).

(d) Letters of credit:

The Districts have approximately \$604,480 (2003 - \$798,594) in outstanding letters of credit related to construction projects.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2004

7. Contingencies (continued)

(e) GVTA capital leases:

As part of the changes in governance and financing which established a regional role in transportation by Act of the Provincial legislature through the creation of the GVTA, the GVRD undertook to indemnify the MFA for any costs that might occur if the GVTA defaulted on various capital leases. These leases supply the GVTA with various transit related equipment, including buses and rapid transit vehicles, at various rates, and mature at various times through to 2007. At December 31, 2004, the principal still outstanding under the leases totals \$39 million (2003 - \$56 million). The GVTA meets its various expenses, including the payment of these lease obligations, from a variety of revenue sources, including the ability to levy a property tax, based in the same economic area as the GVRD.

(f) Environmental regulations:

The Districts are subject to environmental regulations which cover different aspects of its operations. These regulations may require future expenditures to meet applicable standards and subject the Districts to possible penalties for past violations. Any amounts required to meet obligations will be charged to operations or capitalized, as appropriate.

(g) Landfill post closure costs:

The GVS&DD is responsible for its pro rata share of closure and post-closure costs with respect to waste disposal of four landfill sites. The post closure costs related to the Cache Creek Landfill are included in the tipping fee. The Coquitlam and Port Mann Landfills are now closed and it is anticipated that post closure reserve funds will be adequate to cover any potential costs relating to these landfills.

As a contributor to the Vancouver Landfill, by agreement with the City of Vancouver, the GVS&DD is responsible for 16.3% of the total Vancouver Landfill closure and post-closure costs. The GVS&DD's estimated liability is \$4,274,330 at December 31, 2004 (\$2,541,738 in 2003), which represents its portion, at a ratio of current usage to total capacity, of the present value of the estimated future closure and post closure costs of \$60.6 million. The Vancouver Landfill is expected to reach its capacity no later than 2042. These estimates are reviewed and adjusted annually.

(h) Water ingress repairs:

GVHC's Section 95 portfolio of properties has significant water ingress problems. Management is developing plans, including seeking financial assistance, to repair these properties over the next several years. Based on professional building envelope assessments conducted in 1999, 2000 and 2004, inflation adjustments and work completed to date, management estimates the total cost of future repairs to be \$24 million. GVHC will record the expenditures as the repairs are undertaken.

GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2004

7. Contingencies (continued)

(i) First Nations Negotiations:

The District is currently involved in negotiations with First Nations bands regarding compensation for the use of their land on which District assets reside. The compensation associated with these negotiations cannot be reasonably determined at this time; however, it is anticipated that any settlement can be sufficiently funded by reserves, if necessary.

8. Sale of properties

During the year, GVHC sold eight properties, seven single family homes at varying addresses in Surrey and Coquitlam and surplus land in Richmond for \$11.4 million. A gain of \$4.3 million has been recorded for these properties.

9. Subsequent event

On March 30, 2005, the District on behalf of GVTA, participated in a bond issue for approximately \$70 million, of which \$20 million matures in 2015 and \$50 million in 2025.

10. Comparative figures

Certain comparative figures for the year ended December 31, 2003 have been reclassified to conform with the presentation adopted in the current year.

GREATER VANCOUVER REGIONAL DISTRICT

Schedule 1

Consolidated Financial Activities by Object

Year ended December 31, 2004, with comparative figures for 2003

	Operating Fund	Capital Fund	Reserve Fund	Total 2004	Total 2003 (restated - note 2)
Revenue					
Members' tax requisitions	\$ 32,603,421	-	-	\$ 32,603,421	\$ 29,604,648
Grants and other contributions	7,786,886	33,949,562	-	41,736,448	8,123,901
Sewerage and drainage levy	132,750,878	-	-	132,750,878	127,529,660
Development cost charges	8,072,551	-	18,742,075	26,814,626	19,765,758
Metered sale of water	95,215,358	-	-	95,215,358	84,560,010
Trucked liquid waste fees	1,400,629	-	-	1,400,629	1,308,785
Tipping fees	69,837,003	-	-	69,837,003	66,216,439
Source control fees	277,942	-	-	277,942	265,502
Steam and electricity sales	7,749,618	-	-	7,749,618	8,277,842
Property rental	28,203,674	-	-	28,203,674	27,385,346
User fees, recoveries and other revenue	15,889,174	13,811,865	2,264,995	31,966,034	15,785,458
Sinking fund and interest income	269,802	330,442	18,077,775	18,678,019	20,002,012
	400,056,936	48,091,869	39,084,845	487,233,650	408,825,361
Expenditure					
Operating					
Asset purchase and maintenance	17,364,680	36,935,750	-	54,300,430	21,384,058
Contracted services	81,879,971	99,199,624	-	181,079,595	157,408,866
Materials and supplies	16,208,812	14,530,057	-	30,738,869	21,391,669
Salaries and benefits	67,336,322	6,327,335	-	73,663,657	70,966,217
Property purchases, construction, and maintenance	4,109,816	191,862	5,189,049	9,490,727	13,198,483
Utilities, permits and taxes	18,311,039	709,246	-	19,020,285	19,958,281
Corporate costs	-	500,614	-	500,614	-
Other	21,376,820	1,927,219	854,537	24,158,576	25,660,300
Management	1,626,634	-	-	1,626,634	1,582,372
Interest on long-term debt	77,119,059	331,744	-	77,450,803	74,211,178
	305,333,153	160,653,451	6,043,586	472,030,190	405,741,424
Excess (shortfall) of revenue over expenditure	94,723,783	(112,561,582)	33,041,259	15,203,460	3,083,937
Financing Activities:					
Debenture debt and sinking fund activity	-	64,220,000	(43,000,000)	21,220,000	190,000,000
Mortgages issued	-	-	-	-	6,990,000
Principal repaid on long-term debt	(316,231)	(7,427,599)	-	(7,743,830)	(7,019,634)
Transfers from (to):					
Operating / Capital	(38,750,133)	38,750,133	-	-	-
Sinking fund	(39,118,948)	-	39,118,948	-	-
Reserves - operating fund surplus	(22,259,130)	-	22,259,130	-	-
Reserves / Capital	-	8,480,234	(8,480,234)	-	-
Reserves / Operating	6,868,953	-	(6,868,953)	-	-
Increase (decrease) in fund balances	1,148,294	(8,538,814)	36,070,150	28,679,630	193,054,303
Fund balances, beginning of year	4,069,226	94,408,371	466,424,311	564,901,908	371,847,605
Fund balances, end of year	\$ 5,217,520	\$ 85,869,557	\$ 502,494,461	\$ 593,581,538	\$ 564,901,908

See accompanying notes to financial statements.

GREATER VANCOUVER REGIONAL DISTRICT

Schedule 2

Consolidated Long-term Debt

December 31, 2004, with comparative figures for 2003

Issue number	By-law number	Interest rate - %	Maturity date	Authorized to be issued	Debt Outstanding	
					2004	2003
MFA Debt:						
MFA Sinking fund agreements:						
35	496	11.63	May 15, 2004	\$ 4,203,224	\$ -	\$ 4,203,224
36	506 and 507	13.250	December 5, 2004	3,634,850	-	3,626,100
38	530	11.15	December 12, 2005	938,000	-	938,000
39	538	9.38	June 2, 2006	1,705,000	-	1,705,000
40	548	9.63 - 9.75	October 23, 2006	20,369,500	-	10,967,500
41	558 and 562	6.90	June 30, 2007	2,667,300	1,447,300	1,447,300
45	596 and 598	5.55	October 27, 2008	9,577,844	6,061,844	6,061,844
46	614	6.50	May 9, 2009	9,890,100	8,569,100	8,569,100
47	626	6.50	November 9, 2009	10,301,200	5,291,650	6,424,650
48	641	6.50	May 15, 2010	2,102,700	2,084,372	2,084,372
49	652	6.50	October 24, 2010	3,590,600	3,590,600	3,590,600
50	689	8.341 - 10.25	May 8, 2011	22,258,400	16,861,400	16,861,400
51	682	7.004 - 7.421	October 31, 2011	18,002,600	14,502,600	14,502,600
53	710 and 714	6.10	May 13, 2012	16,580,686	11,415,748	11,415,748
54	724	6.058 - 6.25	January 12, 2013	9,181,856	9,181,856	9,181,856
55	737	6.308 - 8.50	May 12, 2013	28,862,500	27,097,500	27,097,500
56	754 and 757	6.519 - 8.50	November 19, 2018	8,962,000	8,218,000	8,218,000
58	770	6.855 - 8.95	May 10, 2019	6,995,000	6,295,000	6,995,000
59	786 and 788	6.967 - 9.52	November 10, 2019	11,282,400	9,628,400	11,282,400
60	801	7.17 - 8.66	April 12, 2015	8,379,500	8,379,500	8,379,500
61	809, 813 and 814	7.30 - 8.00	December 1, 2015	108,034,000	108,034,000	108,034,000
63	813 and 828	6.956 - 7.75	June 1, 2016	61,500,000	61,500,000	61,500,000
64	813 and 839	6.988 - 7.421	September 25, 2016	34,465,000	34,465,000	34,465,000
65	813 and 854	6.90	April 14, 2017	36,292,080	35,483,723	35,483,723
66	813 and 869	5.85	November 5, 2017	83,303,000	83,303,000	83,303,000
67	813 and 853	5.83	November 6, 2022	15,000,000	15,000,000	15,000,000
68	888, 889 and 853	5.55	March 24, 2018	63,140,544	63,140,544	63,140,544
69	853 and 898	5.55	September 24, 2018	103,270,000	103,270,000	103,270,000
70	853/924 and 917/918	5.49	June 1, 2019	66,635,000	66,635,000	66,635,000
71	853 and 924	5.99	December 1, 2019	190,436,535	190,436,535	190,436,535
72	853/924/947	6.45	June 1, 2020	55,690,000	55,690,000	55,690,000
73	853/899/924/956	6.36	December 1, 2020	61,200,000	61,200,000	61,200,000
74	899/924/946/963	5.92-5.96	June 1, 2021	168,122,526	168,122,526	168,122,526
75	924 and 968	5.35-5.69	December 1, 2021	62,405,000	62,405,000	62,405,000
77	707R/924/973	6.05 - 6.06	June 1, 2022	100,100,000	100,100,000	100,100,000
	924/707R/924/9					
78	66/982/980	5.36-5.37	December 3, 2022	89,252,000	89,252,000	89,252,000
79	924/966/946/990	5.49-5.95	June 3, 2023	74,024,571	74,024,571	74,024,571
80	924/966/994	4.775	October 3, 2023	264,000,000	264,000,000	264,000,000
81	851/852/853	4.62-4.86	April 22, 2024	47,220,000	47,220,000	-
85	575/852/853	4.975-5.465	December 2, 2024	69,760,000	69,760,000	-
86	853	5.440	December 2, 2024	50,000,000	50,000,000	-
Total sinking fund agreements, carried forward					\$ 1,941,666,769	\$ 1,799,703,593

GREATER VANCOUVER REGIONAL DISTRICT

Schedule 2

Consolidated Long-term Debt

December 31, 2004, with comparative figures for 2003

Issue number	By-law number	Interest rate - %	Maturity date	Authorized to be issued	Debt Outstanding		
					2004	2003	
Total sinking fund agreements, brought forward					\$ 1,941,666,769	\$ 1,799,703,593	
GVTA defeasance sinking fund agreements:							
702		7.25	September 21, 2005	15,304,735	15,304,735	15,304,735	
703		9.61	July 10, 2009	16,535,236	16,535,236	16,535,236	
704		9.54	September 10, 2006	24,083,531	24,083,531	24,083,531	
706		9.50	August 8, 2006	4,941,134	4,941,134	4,941,134	
712		6.38	July 15, 2009	63,261,838	63,261,838	63,261,838	
713		5.74	July 21, 2010	38,262,367	38,262,367	38,262,367	
714		7.18	October 30, 2006	25,000,000	25,000,000	25,000,000	
715		6.71	July 11, 2007	50,000,000	50,000,000	50,000,000	
727		3.18	June 11, 2024	20,000,000	20,000,000	-	
					257,388,841	237,388,841	
GVWD defeasance sinking fund agreements:							
56	204	9.50	January 9, 2012	24,000,000	24,000,000	24,000,000	
61	210	6.50	February 3, 2004	5,000,000	-	5,000,000	
62	211	9.00	June 21, 2004	8,000,000	-	8,000,000	
63	212	6.50	February 3, 2004	20,000,000	-	20,000,000	
64	212	9.125	August 16, 2004	5,000,000	-	5,000,000	
					62,000,000	62,000,000	
GVS&DD defeasance sinking fund agreements:							
99	168	9.50	January 9, 2012	33,000,000	33,000,000	33,000,000	
104	174	6.50	February 3, 2004	5,000,000	-	5,000,000	
					38,000,000	38,000,000	
Total MFA sinking fund agreements:					357,388,841	2,256,055,610	2,137,092,434
GVS&DD Serial Debt							
33	51	5.125	January 1, 2004	517,885	-	14,927	
35	55	5.375	January 1, 2005	328,924	9,793	28,616	
39	60	5.125	July 1, 2005	2,672,245	151,933	296,370	
40	61	5.125	December 1, 2005	139,323	8,104	15,796	
42	65	5.375	January 1, 2006	500,575	43,603	70,802	
44	70	5.375	January 1, 2007	1,066,194	150,895	205,888	
45	71	6.125	January 1, 2007	39,903	6,150	8,363	
46	72	6.000	July 1, 2007	68,117	12,244	15,866	
					5,333,166	382,722	656,608
GVWD Serial debt							
34	137	5.25	December 1, 2005	384,450	22,022	42,944	
35	138	5.25	December 1, 2005	363,639	22,549	43,972	
					778,089	44,571	86,916
GVHC Mortgages					189,625,992	203,440,035	
Less internally financed mortgages					(4,417,495)	(10,803,939)	
					185,208,497	192,636,096	
GVRD Note Payable to Province of British Columbia					2,382,051	2,382,051	
Total long-term debt					\$ 2,444,073,451	\$ 2,332,854,105	

See accompanying notes to financial statements

Treasurer

GREATER VANCOUVER REGIONAL DISTRICT

Schedule 3

Consolidated Reserves by Function

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003 (restated - note 2)
Designated reserves:		
Greater Vancouver Regional District		
General reserves:		
Delta heritage airpark	\$ 140,544	\$ 89,191
Fleet vehicle and equipment	952,842	1,228,853
Regional parks other	60,204	58,850
Other	1,389,803	1,432,864
	<u>2,543,393</u>	<u>2,809,758</u>
Capital reserves:		
Heritage parkland acquisition	2,319,517	7,569,798
Regional parks capital replacement	1,791,279	1,035,792
Regional parks basic facilities	179,352	221,508
Regional parks site reclamation	282,391	305,917
Regional parks revolving revenue fund	175,423	182,810
Cultural grants	2,448,221	2,464,929
Sasamat volunteer fire department	160,740	401,129
	<u>7,356,923</u>	<u>12,181,883</u>
Other reserves:		
Asset and equipment replacement	1,919,614	5,588,778
Self insurance	1,186,193	962,684
	<u>3,105,807</u>	<u>6,551,462</u>
Sinking funds, net of member's requirement:		
Parks sinking fund	5,845,601	5,178,363
	<u>18,851,724</u>	<u>26,721,466</u>
Greater Vancouver Water District		
Office building capital improvements	1,885,374	2,087,843
Equipment replacement	404,210	319,921
Sinking fund	91,244,377	103,965,571
	<u>93,533,961</u>	<u>106,373,335</u>
Greater Vancouver Sewerage and Drainage District		
Capital building and equipment replacement	5,596,462	5,478,601
Development cost charges	58,910,870	46,648,797
Burnaby waste and energy	3,225,465	3,152,914
Sinking fund	208,029,771	179,562,577
Landfill post closure	1,323,889	1,294,111
Other	1,174,947	677,360
	<u>278,261,404</u>	<u>236,814,360</u>
Greater Vancouver Housing Corporation	23,212,661	20,954,774
Total designated reserves	\$ 413,859,750	\$ 390,863,935

GREATER VANCOUVER REGIONAL DISTRICT

Schedule 3

Consolidated Reserves by Function

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003 (restated - note 2)
Total designated reserves from previous page	\$ 413,859,750	\$ 390,863,935
Non-designated (operating) reserves:		
Greater Vancouver Regional District:		
Regional parks	\$ 1,737,418	\$ 1,046,386
General government	1,892,105	1,588,818
Air quality	1,830,530	1,219,533
Labour relations	1,459,070	1,428,082
Strategic planning	545,078	315,728
911 telephone	1,178,240	1,089,980
Municipal radio	87,455	85,488
Corporate programs	6,869,513	4,711,600
Building contingency	990,075	808,488
Office building	305,739	298,862
	16,895,223	12,592,965
Greater Vancouver Sewerage and Drainage District		
Liquid waste	50,284,459	46,292,693
Solid waste	11,758,513	11,055,708
	62,042,972	57,348,401
Greater Vancouver Water District	9,696,516	5,619,010
Total non-designated (operating) reserves	88,634,711	75,560,376
Total reserves (Exhibit F)	\$ 502,494,461	\$ 466,424,311

See accompanying notes to financial statements.

Financial Statements of

**GREATER VANCOUVER SEWERAGE
AND DRAINAGE DISTRICT**

Year ended December 31, 2004

AUDITORS' REPORT

To the Board of Administration of the
Greater Vancouver Sewerage and Drainage District

We have audited the statement of financial position of the **Greater Vancouver Sewerage and Drainage District** as at December 31, 2004 and the statements of financial activities, changes in financial position, operating fund activities, capital fund and reserve funds for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
March 29, 2005.

Ernst & Young LLP

Chartered Accountants

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Index to Statements

December 31, 20

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GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit A

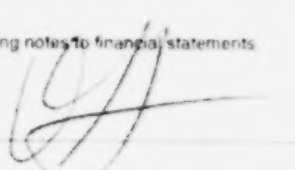
Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003 (restated - note 2)
Financial Assets		
Cash	\$ 99,472	\$ 47,146
Accounts receivable	31,213,981	27,824,702
Due from Greater Vancouver Regional District	82,902,983	56,583,933
Prepaid expenses and other assets	261,273	243,834
Unamortized debenture expense	1,657,173	1,828,338
Debt reserve fund (note 5)	7,503,558	7,133,353
	123,638,440	93,661,306
Liabilities		
Accounts payable and accrued liabilities	14,654,606	17,384,488
Landfill post closure liability (note 7e)	4,274,336	2,541,738
Interest accrued on debentures	5,845,458	5,893,048
Long-term debt		
Debenture debt (note 3 and Schedule 2)	497,382,722	492,656,608
Less: Sinking funds (note 4)	(208,029,771)	(179,562,578)
	289,352,951	313,094,030
	314,127,345	338,913,304
Net Financial Liabilities	(190,488,905)	(245,251,998)
Non-Financial Assets		
Supplies and cattle inventory	2,553,137	2,414,160
Utility plant and equipment		
Utility plant (Schedule 1)	1,210,067,486	1,184,468,390
Equipment, less accumulated amortization of \$11,340,478 (2003 - \$10,432,364)	8,760,647	8,005,024
	1,221,381,270	1,194,887,574
Net Assets	\$ 1,030,892,365	\$ 949,635,576
Equity		
Fund Balances		
Operating fund (Exhibit D)	\$ -	\$ -
Capital fund (Exhibit E)	(33,410,559)	(46,758,151)
Reserve funds (Exhibit F)	340,304,376	294,162,761
	306,893,817	247,404,610
Equity in capital assets	723,998,548	702,230,966
Total Equity	\$ 1,030,892,365	\$ 949,635,576

Capital expenditures and contingencies (notes 6 and 7)

See accompanying notes to financial statements.



Treasurer

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit B

Statement of Financial Activities

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Revenue:			
Sewerage and drainage levy	\$ 132,750,878	\$ 132,750,878	\$ 127,529,660
Development cost charges	8,306,859	26,814,626	19,765,758
Provincial government grants	-	628,864	-
Other revenues	2,775,752	7,739,876	3,817,884
Trucked liquid waste fees	1,283,474	1,400,629	1,308,785
Source control fees	260,000	277,942	265,502
Sinking fund income	-	9,233,351	8,264,966
Interest income	1,501,966	2,368,000	2,806,060
Tipping fees	64,735,295	69,837,003	66,216,439
Steam and electricity sales	9,986,357	7,749,618	8,277,842
	<u>221,600,581</u>	<u>258,800,787</u>	<u>238,252,896</u>
Expenditure:			
Operating (Exhibit D)	187,623,879	178,123,021	173,505,449
Capital (Exhibit E)	51,793,021	25,914,673	49,940,324
Reserve (Exhibit F)	-	-	-
	<u>239,416,900</u>	<u>204,037,694</u>	<u>223,445,773</u>
Excess (shortfall) of revenue over expenditure	(17,816,319)	54,763,093	14,807,123
Financing Activities:			
Add: Debenture debt issued	58,700,650	10,000,000	14,000,000
Less: Principal repaid on serial debt	(273,885)	(273,886)	(509,752)
Less: Debenture debt maturity	(5,000,000)	(5,000,000)	(20,000,000)
Increase in fund balances	35,610,446	59,489,207	8,297,371
Fund balances, beginning of year	247,404,610	247,404,610	239,107,239
Fund balances, end of year	\$ 283,015,056	\$ 306,893,817	\$ 247,404,610

See accompanying notes to financial statements.

Treasurer

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit C

Statement of Changes in Financial Position

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003 (restated - note 2)
Operations:		
Excess revenue over expenditure before financing activities	\$ 54,763,093	\$ 14,807,123
Increase in accounts receivable	(3,389,279)	(2,086,626)
Increase in prepaid expenses and other assets	(17,439)	(6,479)
Decrease in accounts payable and accrued liabilities	(2,729,882)	(2,143,031)
Increase in post closure accrued liability	1,732,592	559,623
Net increase in cash from operations	50,359,085	11,130,610
Financing:		
Decrease (increase) in advances to Greater Vancouver Regional District	(26,319,050)	9,695,373
Debenture debt maturity	(5,000,000)	(20,000,000)
Debenture debt issued	10,000,000	14,000,000
Principle repayment of serial debenture debt	(273,886)	(509,752)
Decrease in unamortized debenture discount	171,165	162,702
Decrease in interest accrued on debentures	(47,590)	(65,487)
Increase in debt reserve fund	(370,205)	(111,798)
Increase in sinking funds	(28,467,193)	(14,321,310)
Net decrease in cash from financing	(50,306,759)	(11,150,272)
Increase (decrease) in cash	52,326	(19,662)
Cash, beginning of year	47,146	66,808
Cash, end of year	\$ 99,472	\$ 47,146

See accompanying notes to financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit D

Statement of Operating Fund Activities

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Revenue			
Sewerage and drainage levy	\$ 132,750,878	\$ 132,750,878	\$ 127,529,660
Development cost charges	8,306,859	8,072,551	7,840,518
Other revenues	2,775,752	3,071,989	3,517,416
Trucked liquid waste fees	1,283,474	1,400,629	1,308,785
Source control fees	260,000	277,942	265,502
Tipping fees	64,735,295	69,837,003	66,216,439
Steam and electrical sales	9,986,357	7,749,618	8,277,842
	220,098,615	223,160,610	214,956,162
Expenditure			
General operations	66,083,468	62,182,578	60,250,002
Corporate overhead	15,747,928	15,865,297	14,046,495
Waste disposal	64,436,472	63,204,192	61,189,650
Recycling	1,783,363	1,684,058	1,822,194
Regulatory services	790,209	909,626	858,958
Interest on long-term debt	38,782,439	34,277,270	35,338,150
	187,623,879	178,123,021	173,505,449
Excess of revenue over expenditure	32,474,736	45,037,589	41,450,713
Less principal repaid on serial debt	(273,885)	(273,886)	(509,752)
Transfers from (to):			
Capital fund	(16,631,951)	(18,929,261)	(12,099,502)
Reserve funds for:			
Sinking fund	(25,005,022)	(24,932,873)	(27,221,712)
Reserves	8,448,152	10,698,508	2,511,655
Reserves - operating fund surplus	987,970	(11,600,077)	(4,131,402)
Increase in operating fund	-	-	-
Operating fund balance, beginning of year	-	-	-
Operating fund balance, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit E

Statement of Capital Fund

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual
Capital funding:			
Revenues			
Provincial government grants	\$ -	\$ 628,864	\$ -
Debt reserve fund interest	-	353,336	300,468
Other income	-	2,229,791	-
	-	3,211,991	300,468
Internal transfers from:			
Operating fund	16,631,951	18,929,261	12,099,502
Reserve funds	16,971,042	7,121,013	14,922,762
	33,602,993	26,050,274	27,022,264
Financing:			
Debt issued	58,700,650	10,000,000	14,000,000
	92,303,643	39,262,265	41,322,732
Capital expenditures:			
Solid waste management facilities	10,072,480	1,235,514	20,866,196
Utility plant - sewerage and drainage assets	41,471,000	24,438,784	28,812,182
Debt discount	249,541	240,375	261,946
	51,793,021	25,914,673	49,940,324
Increase (decrease) in capital fund	40,510,622	13,347,592	(8,617,592)
Capital fund balance, beginning of year	(46,758,151)	(46,758,151)	(38,140,559)
Capital fund balance, end of year	\$ (6,247,529)	\$ (33,410,559)	\$ (46,758,151)

See accompanying notes to financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Exhibit F

Statement of Reserve Funds

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Reserve fund balances, beginning of year	\$ 294,162,761	\$ 294,162,761	\$ 277,247,798
Add:			
Interest allocated to reserves	1,501,966	2,368,000	2,806,060
Development cost charges income	-	18,742,075	11,925,240
Sinking fund income	-	9,233,351	8,264,966
Other income	-	2,084,760	-
	1,501,966	32,428,186	22,996,266
Less sinking fund debt maturity	(5,000,000)	(5,000,000)	(20,000,000)
Internal transfers from (to):			
Capital fund	(16,971,042)	(7,121,013)	(14,922,762)
Operating funds for:			
Sinking fund	25,005,022	24,932,873	27,221,712
Reserves	(8,448,152)	(10,698,508)	(2,511,655)
Reserves - operating fund surplus	(987,970)	11,600,077	4,131,402
	(1,402,142)	18,713,429	13,918,697
Increase (decrease) in reserve fund	(4,900,176)	46,141,615	16,914,963
Reserve fund balances, end of year	\$ 289,262,585	\$ 340,304,376	\$ 294,162,761
Reserve balances by function:			
Designated reserves:			
Capital building and equipment replacement	\$ 5,596,462	\$ 5,478,601	
Development cost charges	58,910,870	46,648,797	
Sinking fund	208,029,771	179,562,577	
Waste to energy facility	3,225,465	3,152,914	
Landfill post closure	1,323,889	1,294,111	
Other	1,174,947	677,360	
Non-designated reserves:			
Liquid waste operating	50,284,459	46,292,693	
Solid waste operating	11,758,513	11,055,708	
	\$ 340,304,376	\$ 294,162,761	

See accompanying notes to financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 1

Year ended December 31, 2004

The Greater Vancouver Sewerage and Drainage District (the "District") was established by an Act of the same name in 1956. Its two primary responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the Greater Vancouver Regional District ("GVRD"), and the disposal of solid waste both for the municipalities of the GVRD and the public. It owns and operates a number of wastewater treatment plants and a related collection network connected to the municipal collection systems, and several solid waste facilities including a waste and energy facility. Its Administration Board is comprised of the same councilors and mayors as appointed to the GVRD Board by the participating municipalities. The member municipalities under the Act are jointly and severally liable for its debts.

1. Significant accounting policies

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized below.

(a) Use of estimates:

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles for local government financial reporting requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on the District's best information and judgement and may differ significantly based on actual results.

(b) Utility plant:

Government assistance is recognized in the period in which events giving rise to the assistance occur and reasonable estimates of the amounts can be made. Grants received and amounts forgiven under financing agreements with senior levels of government, with respect to the construction of utility plants, are credited to the capital fund.

The cost of the utility plant that is financed by debt is recorded as a charge on operating funds as principal payments are made.

Costs of repairs and maintenance are charged to operations; however, those expenditures which improve or extend the useful life of the asset are capitalized. Upon retirement or disposal of utility plant, the cost, net of proceeds, is charged to equity in capital assets.

Interest is capitalized during construction with respect to projects on which the related debt charges are recoverable from user charges.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 2

Year ended December 31, 2004

1. Significant accounting policies (continued)

(c) Equipment:

Costs of repairs and maintenance are charged to operations; however, those expenditures which improve or extend the useful life of the asset are capitalized. Upon retirement or disposal of equipment, the cost and related amortization are removed from the accounts and any gain or loss is reflected in net operating revenue for the year.

Amortization on equipment is charged to operating revenue on a straight-line basis over 5 years, the estimated useful life of the assets.

(d) Debt charges:

Debt servicing requirements comprising principal repayments and interest are charged against revenue as incurred. Interest charges are accrued as a charge against revenue.

(e) Debenture expense:

Debenture expense is amortized on a straight-line basis over the term of the related debt as an adjustment to the capital fund.

(f) Inventories:

Supplies inventories are valued at the lower of weighted-average cost and replacement cost. Cattle inventories are valued at the lower of cost or net realizable value.

(g) Due from other Greater Vancouver Districts:

In order to improve cash management, the general practice of the Greater Vancouver Districts and the Greater Vancouver Housing Corporation is to accumulate short-term investments in a pooled account held by the Greater Vancouver Regional District ("GVRD"). The investments consist of highly liquid money market instruments.

(h) Landfill post closure:

The estimated current obligation of landfill post closure costs is recognized as a liability. The change in this liability during the year is recorded as a charge to operations.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 3

Year ended December 31, 2004

1. Significant accounting policies (continued)

(i) Revenue recognition:

Revenues are recorded in the period in which the transactions or events that gave rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the District discharges the obligations that led to the collection of funds.

2. Restatement of Prior Year

In prior years, anticipated closure and post closure costs with respect to waste disposed at landfill sites (refer to note 7e) was included in reserve funds. In the current year an amount representing the current obligation has been recorded as a liability and comparative figures restated accordingly. This restatement has resulted in the following changes to the 2003 comparative figures:

- (i) On the Statement of Financial Position (Exhibit A), the post closure liability has been increased by \$2,541,738 and the reserve fund balance decreased by the same amount.
- (ii) On the Statement of Operating Fund (Exhibit D), waste disposal expenditures increased by \$500,000, and reserve contributions have decreased by the same amount.
- (iii) On the Statement of Reserve funds (Exhibit F), opening reserve fund balance has decreased by \$1,982,115 and reserve contribution by \$500,000.

3. Debenture debt

- (a) Currently, all borrowings for the District are entered into with the Municipal Finance Authority ("MFA") by the GVRD on the District's behalf, although the District maintains the right to finance debt without MFA involvement. In the past some serial issues were not financed through the MFA.

Every debt incurred and every debenture or other security issued by the District under the Greater Vancouver Sewerage and Drainage District Act is a direct, joint and several obligation and liability of the District and each and every member municipality.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 4

Year ended December 31, 2004

3. Debenture debt (continued)

- (b) Debenture debt retirements (including sinking fund instalments) for the next five years are as follows:

	Total Payments
2005	\$ 25,057,356
2006	24,877,304
2007	24,236,125
2008	22,957,151
2009	22,957,151
	120,085,087
Due after five years	377,297,635
	\$ 497,382,722

These amounts do not include interest earned on sinking fund assets which together with the principal payments are sufficient to retire the sinking fund issues at maturity.

- (c) Sinking fund debenture Issue Numbers 94, 95, 96 and 97 matured five years from their issue dates and to partially retire the debt at maturity the relative by-laws provided for annual sinking fund payments based on a 20 year amortization period. The balances of these debentures were refinanced upon maturity by short-term promissory notes. The District has set up a debt reserve for these issues with the instalments continuing at the amount based on the original 20 year amortization period.

4. Sinking funds

Sinking funds for all issues are administered by the MFA.

Where sinking fund debentures were issued to finance internal sewerage and drainage facilities for certain member municipalities, the share of any sinking fund surplus remaining after the related debenture obligations have been redeemed is apportioned to such member municipalities in the ratio in which they participated in the debenture issue.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 5

Year ended December 31, 2004

5. Debt reserve fund

The District is required to pay into a debt reserve fund administered by the MFA, an amount equal to one-half the average annual instalment of principal and interest relative to any borrowing incurred in connection with the issue by the MFA of its debentures in order to secure the balance of its liability to the GVRD. This amount may be paid either in full or in an amount equal to 1% of the principal amount borrowed together with a non-interest bearing demand note for the balance. The District remits cash deposits and demand notes to the GVRD with respect to these funds borrowed to finance the capital requirements of the District through the GVRD and the MFA. At December 31, 2004 the District's portion of the debt reserve fund administered by the MFA on behalf of the District comprised \$7,503,558 (2003 - \$7,133,353) in cash deposits. In addition, \$23,449,897 (2003 - \$23,386,446) in demand notes were outstanding and become payable in the event of default of certain debentures.

If, at any time, the GVRD does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the GVRD are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position. The cash amounts of these transactions will be repaid with interest to the ultimate borrower when the final instalments under the respective loan agreements have been made.

6. Capital expenditures

As at December 31, 2004, the Board of Administration has authorized a total of \$178,252,000 relating to outstanding projects of which \$120,615,000 has been expended to December 31, 2004.

7. Contingencies

(a) Lawsuits:

As at December 31, 2004 there were lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. It is not possible to predict the outcome of these lawsuits at this time. Management is of the opinion that losses, if any, in connection with these lawsuits can be sufficiently funded by reserve funds.

(b) Environmental Regulations:

The District is subject to environmental regulations which cover different aspects of its operations. These regulations may require future expenditures to meet applicable standards and subject the District to possible penalties for past violations. Any amounts required to meet obligations will be charged to operations or capitalized, as appropriate.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 6

Year ended December 31, 2004

7. Contingencies (continued)

(c) Self Insurance Fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the District, other Greater Vancouver Districts and the Greater Vancouver Housing Corporation ("GVHC").

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The District, other Greater Vancouver Districts and the GVHC contribute to the fund depending on the fund's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims incurred annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These adjustments are changed as additional information becomes known during the course of claims settlement.

(d) Pension Plan:

The District and its employees contribute to the Municipal Pension Plan (the Plan), a jointly-trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan. The Plan has about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. Contribution rates for both plan members and their employers have been increased effective July 1, 2005 to fund this liability. The actuary does not attribute portions of the unfunded liability to individual employers. The District, together with other Greater Vancouver Districts and the GVHC paid \$4,170,239 for employer contributions to the Plan during the year ended December 31, 2004 (\$3,899,104 in 2003) and their related employees' contributions amounted to \$4,099,029 (\$3,780,520 in 2003).

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 7

Year ended December 31, 2004

7. Contingencies (continued)

(e) Landfill post closure costs:

The District is responsible for its pro rata share of closure and post-closure costs with respect to waste disposal of four landfill sites. The post closure costs related to the Cache Creek Landfill are included in the tipping fee. The Coquitlam and Port Mann Landfills are now closed and it is anticipated that post closure reserve funds will be adequate to cover any potential costs relating to these landfills.

As a contributor to the Vancouver Landfill, by agreement with the City of Vancouver, the GVS&DD is responsible for approximately 16.3% of the total Vancouver Landfill closure and post-closure costs. The GVS&DD's estimated liability is \$4,274,330 at December 31, 2004 (\$2,541,738 in 2003), which represents its portion, at a ratio of current usage to total capacity, of the present value of the estimated future closure and post closure costs of \$60.6 million. The Vancouver Landfill is expected to reach its capacity no later than 2042. These estimates are reviewed and adjusted annually.

(f) First Nations Negotiations:

The District is currently involved in negotiations with first nation bands regarding compensation for the use of their land on which District assets reside. The compensation associated with these negotiations cannot be reasonably determined at this time, however, it is anticipated that any settlement can be sufficiently funded by reserves, if necessary.

8. Restricted assets

Development cost charges

The Greater Vancouver Sewerage and Drainage Act restricts the District to applying money raised from development cost charges to funding sewer capital projects, including the repayment of debt raised to fund such projects. The balance of these amounts at December 31, 2004 is \$58,910,870 (2003 - \$46,648,797) and is included in reserves.

9. Comparative figures

Certain comparative figures for the year ended December 31, 2003 have been reclassified to conform with the presentation adopted in the current year.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Schedule 1 Utility Plant

December 31, 2004, with comparative figures for 2003

	Cost December 31, 2003	Net 2004 additions/ (transfers)	Cost December 31, 2004
Sewerage and drainage facilities:			
Sewerage areas:			
Fraser-general facilities:			
Annacis island waste water treatment plant and outfall	\$ 28,528,273	\$ -	\$ 28,528,273
North west Langley Waste water treatment plant upgrade	9,582,417	8,775	9,591,192
Interceptors and trunk sewers	134,374,877	3,075,560	137,450,437
Secondary treatment	435,873,883	(399,049)	435,474,834
Pumping stations	40,184,131	643,195	40,827,326
Other facilities	30,467,294	596,430	31,063,724
	679,010,875	3,924,911	682,935,786
Vancouver:			
Iona island waste water treatment plant and related facilities	98,323,815	1,502,149	99,825,964
Interceptors and trunk sewers	35,285,721	11,982,005	47,267,726
Pumping stations	9,766,095	362,524	10,128,619
Other facilities	27,028,905	1,192,116	28,221,021
	170,404,536	15,038,794	185,443,330
Lulu Island West:			
Lulu island waste water treatment plant and outfall	7,168,773	8	7,168,781
Secondary treatment	122,600,800	2,019,704	124,620,504
Interceptors and trunk sewers	3,633,284	-	3,633,284
Pumping stations	327,950	-	327,950
Other facilities	866,281	198	866,479
	134,597,088	2,019,910	136,616,998
North Shore:			
Lions Gate waste water treatment plant and outfall	22,401,998	3,409,278	25,811,276
Interceptors and trunk sewers	10,285,535	9,096	10,294,631
Pumping stations	1,957,366	61,322	2,018,688
Other facilities	2,950,757	-	2,950,757
	37,595,656	3,479,696	41,075,352
Fraser - Maple Ridge/Pitt Meadows:			
Interceptors and trunk sewers	4,876,480	-	4,876,480
Pumping stations	1,893,742	-	1,893,742
Other facilities	24,716	-	24,716
	6,794,938	-	6,794,938
Total sewerage areas	1,028,403,093	24,463,311	1,052,866,404
Drainage areas:			
Still Creek-Brunette River	7,736,771	602	7,737,373
Byrne Road	12,795	-	12,795
University	83,110	-	83,110
Schoolhouse Creek	77,127	-	77,127
Kyle Street	346,258	-	346,258
William Street	34,667	-	34,667
Musqueam	53,328	-	53,328
Total drainage areas	8,344,056	602	8,344,658
Total sewerage and drainage facilities, carried forward	\$ 1,036,747,149	\$ 24,463,913	\$ 1,061,211,062

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Schedule 1 Utility Plant

December 31, 2004, with comparative figures for 2003

	Cost December 31, 2003	Net 2004 additions/ (transfers)	Cost December 31, 2004
Brought forward	\$ 1,036,747,149	\$ 24,463,913	\$ 1,061,211,062
Sewerage and drainage facilities, continued:			
Land improvement fund	7,269,398	-	7,269,398
Rawn report updating	350,561	-	350,561
Solid waste disposal	303,281	-	303,281
Sludge management systems	3,478,732	(47,332)	3,431,400
Miscellaneous	5,813,292	-	5,813,292
Facilities taken over from Vancouver and Districts joint sewerage and drainage board	6,177,390	-	6,177,390
Total sewerage and drainage facilities	1,060,139,803	24,416,581	1,084,556,384
Solid Waste Facilities:			
Waste-to-Energy Facility (WTEF)	100,735,207	74,420	100,809,627
North Shore transfer station	4,792,616	81,545	4,874,161
Cache Creek landfill project	4,784,926	177,214	4,962,140
Maple Ridge resident transfer station	2,486,235	-	2,486,235
Matsqui transfer station	244,144	86,743	330,887
Coquitlam transfer station	213,000	-	213,000
Langley resident transfer station	1,206,845	-	1,206,845
North Surrey Interceptor 156th St.	1,574,505	(18,730)	1,555,775
Surrey land acquisition	2,119,139	(52,999)	2,066,140
Coquitlam Landfill	85,419	3,651	89,070
Ashcroft ranch	6,086,551	830,671	6,917,222
Total Solid Waste Facilities	124,328,587	1,182,515	125,511,102
Total - all facilities	\$ 1,184,468,390	\$ 25,599,096	\$ 1,210,067,486

See accompanying notes to financial statements.

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Schedule 2

Debenture Debt

Year ended December 31, 2004 with comparative figures for 2003

Issue number	By-law number	Interest rate - %	Maturity Date	Debentures authorized to be issued	Debenture debt outstanding	
					2004	2003
Sinking fund debentures:						
99	168	9.500	January 9, 2012	33,000,000	\$ 33,000,000	\$ 33,000,000
104	174	6.500	February 3, 2004	5,000,000	-	5,000,000
105A	179	8.000	December 1, 2010	19,000,000	19,000,000	19,000,000
105B	179	8.000	December 1, 2010	41,000,000	41,000,000	41,000,000
105C	179	8.000	December 1, 2010	20,000,000	20,000,000	20,000,000
106A	179A	7.750	June 1, 2011	4,352,127	4,352,127	4,352,127
106B	179A	7.750	June 1, 2011	3,495,935	3,495,935	3,495,935
106C	179A	7.750	June 1, 2011	5,012,535	5,012,535	5,012,535
106D	179A	7.750	June 1, 2011	17,955,967	17,955,967	17,955,967
106E	179A	7.750	June 1, 2011	7,250,000	7,250,000	7,250,000
106F	179A	7.750	June 1, 2011	11,233,436	11,233,436	11,233,436
107	179B	7.421	September 25, 2011	15,000,000	15,000,000	15,000,000
108A	179C	6.900	April 24, 2007	15,616,000	15,616,000	15,616,000
108B	179D	6.900	April 24, 2012	3,384,000	3,384,000	3,384,000
109	179E	5.850	November 5, 2012	70,000,000	70,000,000	70,000,000
110	189A	5.550	March 24, 2013	45,065,544	45,065,544	45,065,544
111A	189B	5.550	September 24, 2013	28,100,000	28,100,000	28,100,000
111B	189B	5.550	September 24, 2013	26,900,000	26,900,000	26,900,000
112	189C	5.990	December 1, 2014	15,706,000	15,706,000	15,706,000
113	189D	6.450	June 1, 2015	10,000,000	10,000,000	10,000,000
114	853/899	6.360	December 1, 2015	5,000,000	5,000,000	5,000,000
115	899	5.920	June 1, 2011	21,928,456	21,928,456	21,928,456
115	899	5.920	June 1, 2016	25,800,000	25,800,000	25,800,000
115	899	5.920	June 1, 2016	18,200,000	18,200,000	18,200,000
116	966	5.370	December 4, 2017	10,000,000	10,000,000	10,000,000
117	966	5.491	June 4, 2018	10,000,000	10,000,000	10,000,000
118	966	4.775	October 3, 2018	4,000,000	4,000,000	4,000,000
119	966	4.860	April 22, 2019	10,000,000	10,000,000	-
Total sinking fund debentures					497,000,000	492,000,000
Serial debentures:						
			Maturing in varying annual installments to			
33	51	5.125	January 1, 2004	517,885	-	14,927
35	55	5.375	January 1, 2005	328,924	9,793	28,616
39	60	5.125	July 1, 2005	2,672,245	151,933	296,370
40	61	5.125	December 1, 2005	139,323	8,104	15,796
42	65	5.375	January 1, 2006	500,575	43,603	70,802
44	70	5.375	January 1, 2007	1,066,194	150,895	205,868
45	71	6.125	January 1, 2007	39,903	6,150	8,363
46	72	6.000	July 1, 2007	68,117	12,244	15,866
Total serial debentures					382,722	656,608
Total debenture debt					\$ 497,382,722	\$ 492,656,608

See accompanying notes to financial statements.

Treasurer

GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Schedule 3

Financial Activities by Object

Year ended December 31, 2004, with comparative figures for 2003

	2004	2004	2004	2004	2003
	Operating	Capital	Reserves		(restated -note 2)
Revenue					
Sewerage and drainage levy	\$ 132,750,878	-	-	132,750,878	\$ 127,529,660
Development cost charges	8,072,551	-	18,742,075	26,814,626	19,765,758
Provincial government grants	-	628,864	-	628,864	-
Other revenues	3,071,989	2,583,127	2,084,760	7,739,876	3,817,884
Trucked liquid waste fees	1,400,629	-	-	1,400,629	1,308,785
Source control fees	277,942	-	-	277,942	265,502
Sinking fund income	-	-	9,233,351	9,233,351	8,264,966
Interest income	-	-	2,368,000	2,368,000	2,806,060
Tipping fees	69,837,003	-	-	69,837,003	66,216,439
Steam and electricity sales	7,749,618	-	-	7,749,618	8,277,842
	223,160,610	3,211,991	32,428,186	258,800,787	238,252,696
Expenditure					
Operating					
Asset purchase and maintenance	7,431,752	1,746,408	-	9,178,160	9,568,147
Contracted services	67,219,368	19,091,268	-	86,310,636	101,812,261
Corporate cost allocated	15,839,808	-	-	15,839,808	14,038,341
Internal services	8,039,430	(354,710)	-	7,684,720	8,476,052
Materials and supplies	8,072,121	2,145,473	-	10,217,594	11,688,701
Other	4,197,891	418,722	-	4,616,613	5,244,305
Salaries and benefits	26,985,727	2,818,092	-	29,803,819	30,834,499
Utilities, permits and taxes	6,059,654	49,420	-	6,109,074	6,445,317
Interest on long-term debt	34,277,270	-	-	34,277,270	35,338,150
Total expenditure	178,123,021	25,914,673	-	204,037,694	223,445,773
Excess of revenue over expenditure	45,037,589	(22,702,682)	32,428,186	54,763,093	14,807,123
Financing Activities:					
Add: Debenture debt issued	-	10,000,000	-	10,000,000	14,000,000
Less: Principal repaid on long-term serial debt	(273,886)	-	-	(273,886)	(509,752)
Less: Debenture debt maturity	-	-	(5,000,000)	(5,000,000)	(20,000,000)
Transfers from (to):					
Operating / Capital fund	(18,929,261)	18,929,261	-	-	-
Operating / Sinking fund	(24,932,873)	-	24,932,873	-	-
Reserves / Capital	-	7,121,013	(7,121,013)	-	-
Reserves / Operating	10,698,508	-	(10,698,508)	-	-
Reserves - operating fund surplus	(11,600,077)	-	11,600,077	-	-
Increase (decrease) in fund balances	-	13,347,592	46,141,615	59,489,207	8,297,371
Fund balances, beginning of year	-	(46,758,151)	294,162,761	247,404,610	239,107,239
Fund balances, end of year	\$ -	(33,410,559)	340,304,376	306,893,817	\$ 247,404,610

See accompanying notes to financial statements.

Financial Statements of

**GREATER VANCOUVER
WATER DISTRICT**

Year ended December 31, 2004

AUDITORS' REPORT

To the Board of Administration of the
Greater Vancouver Water District

We have audited the statement of financial position of the **Greater Vancouver Water District** as at December 31, 2004 and the statements of financial activities, changes in financial position, operating fund activities, capital fund and reserve funds for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
March 29, 2005.

Ernst & Young LLP

Chartered Accountants

GREATER VANCOUVER WATER DISTRICT

Index to Statements

December 31, 2004

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GREATER VANCOUVER WATER DISTRICT

Exhibit A Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003 (restated - note 2)
Financial Assets		
Cash and cash equivalents	\$ 29,703,116	\$ 14,368,554
Short-term investments	10,488,042	25,352,704
Accounts receivable	16,941,814	15,429,879
Agreements receivable from members (Schedule 2)	1,079,241	1,410,985
Long-term investments	154,209,585	174,693,210
Unamortized debenture expense	2,384,533	2,272,200
Debt reserve fund (note 5)	6,411,164	6,206,164
	\$ 221,217,495	\$ 239,733,696
Liabilities		
Accounts payable and accrued liabilities	\$ 21,923,553	\$ 12,155,668
Interest accrued on debentures	6,307,251	6,421,825
Deferred revenue (note 6b)	39,551,195	40,917,247
Due to Greater Vancouver Regional District	15,855,562	17,783,939
Long-term debt		
Debenture debt (note 3), (Schedule 3)	507,205,288	491,027,633
Less: Sinking funds (note 4)	(91,244,377)	(103,965,568)
Net long-term debt	415,960,911	387,062,065
	499,598,472	464,340,744
Net Financial Liabilities	(278,380,977)	(224,607,048)
Non-Financial Assets		
Supplies inventory	618,544	909,054
Utility plant and equipment		
Utility plant (Schedule 1)	656,518,741	558,121,476
Equipment, less accumulated amortization of \$5,633,784 (2003 - \$4,259,680)	3,478,074	3,057,923
	660,615,359	562,088,453
Net Assets	\$ 382,234,382	\$ 337,481,405
Equity		
Fund Balances		
Operating fund (Exhibit D)	\$ -	\$ -
Capital fund (Exhibit E)	125,593,834	154,428,240
Reserves (Exhibit F)	103,230,477	111,992,345
	228,824,311	266,420,585
Equity in capital assets	153,410,071	71,060,820
Total Equity	\$ 382,234,382	\$ 337,481,405

Capital expenditures and contingencies (notes 5, 6 and 7)

See accompanying notes to financial statements

Treasurer

GREATER VANCOUVER WATER DISTRICT

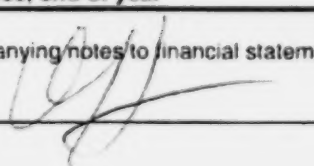
Exhibit B

Statement of Financial Activities

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Revenue:			
Metered sale of water	\$ 95,569,924	\$ 95,215,358	\$ 84,560,010
Interest income	178,312	471,853	232,670
Grants and other contributions	55,100,000	12,488,307	929,149
Other external revenues	5,214,850	11,600,583	8,482,733
Sinking fund income	-	4,593,119	5,556,500
Internal recoveries	-	256,977	22,169
	156,063,086	124,626,197	99,783,231
Expenditure:			
Operating (Exhibit D)	79,060,986	78,426,101	69,068,697
Capital (Exhibit E)	178,950,512	99,412,085	46,832,824
Reserve (Exhibit F)	1,192,366	561,940	1,058,906
	259,203,864	178,400,126	116,960,427
Shortfall of revenue over expenditures	(103,140,778)	(53,773,929)	(17,177,196)
Financing Activities:			
Add: Debenture debt issued	54,525,000	54,220,000	212,800,000
Less: Principal repaid on serial debt	(42,345)	(42,345)	(40,233)
Less: Debenture debt maturity	(38,000,000)	(38,000,000)	(15,000,000)
Increase (decrease) in fund balances	(86,658,123)	(37,596,274)	180,582,571
Fund balances, beginning of year	266,420,585	266,420,585	85,838,014
Fund balances, end of year	\$ 179,762,462	\$ 228,824,311	\$ 266,420,585

See accompanying notes to financial statements

 Treasurer

GREATER VANCOUVER WATER DISTRICT

Exhibit C

Statement of Changes in Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Operations		
Shortfall of revenue over expenditure before financing activities	\$ (53,773,929)	\$ (17,177,196)
Decrease (increase) in accounts receivable	(1,511,935)	761,685
Increase in accounts payable and accrued liabilities	9,767,885	654,811
Increase (decrease) in deferred revenue	(1,366,052)	40,917,247
Net increase (decrease) in cash from operations	(46,884,031)	25,156,547
Investing		
Decrease (increase) in short-term investments	14,864,662	(25,352,704)
Decrease (increase) in long-term investments	20,483,625	(174,693,210)
Net increase (decrease) in cash from investing	35,348,287	(200,045,914)
Financing		
Decrease in due to Greater Vancouver Regional District	(1,928,377)	(3,708,040)
Debenture debt issued	54,220,000	212,800,000
Debenture debt maturity	(38,000,000)	(15,000,000)
Serial debenture debt matured	(42,345)	(40,233)
Increase in unamortized debenture expense	(112,333)	(860,649)
Decrease in agreements receivable from members	331,744	314,503
Increase (decrease) in interest accrued on debentures	(114,574)	2,347,172
Increase in debt reserve fund	(205,000)	(2,076,092)
Decrease (increase) in sinking fund	12,721,191	(4,483,663)
Net increase in cash from financing	26,870,306	189,292,998
Increase in cash and cash equivalents	15,334,562	14,403,631
Cash and cash equivalents, beginning of year	14,368,554	(35,077)
Cash and cash equivalents, end of year	\$ 29,703,116	\$ 14,368,554

See accompanying notes to financial statements.

GREATER VANCOUVER WATER DISTRICT

Exhibit D

Statement of Operating Fund Activities

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual
Revenue:			
Metered sale of water	\$ 95,569,924	\$ 95,215,358	\$ 84,560,010
Other revenues	5,214,850	11,434,701	8,287,190
Internal recoveries	-	256,977	22,169
	100,784,774	106,907,036	92,869,369
Expenditure:			
Regional planning and sustainable initiatives	338,208	305,582	467,414
Water system analysis	296,615	292,896	272,677
System operation and maintenance	17,413,059	17,789,861	16,595,645
Quality control	1,661,233	1,412,355	1,486,357
System control and automation	1,699,631	1,594,586	1,449,484
Water- operations and maintenance technical support	1,094,689	1,074,191	923,172
Water supply metering and billing	374,759	273,814	267,339
Lake city operations	179,475	179,475	990,607
Water infrastructure evaluation	300,114	182,222	356,790
Water treatment engineering	769,924	741,262	-
Source water treatment	4,199,176	4,234,517	3,939,193
Secondary disinfection	1,259,277	1,090,537	873,161
Watershed planning	319,203	371,997	367,241
Water demand side management	521,189	468,059	438,290
Water planning	526,002	513,796	532,011
Lower Seymour Conservation Reserve planning	-	-	86,882
Lower Seymour Conservation Reserve and watershed tours	1,214,409	1,324,789	1,325,251
Watershed operations	2,236,201	2,642,294	2,161,320
Watershed general	1,809,467	1,513,291	2,157,973
Watershed protection and security	1,702,448	1,708,127	1,413,640
Water operating contingency	500,000	-	-
Corporate overhead	9,908,000	9,887,193	7,603,802
Administration	2,308,590	1,905,423	1,579,734
Interest on long-term debt	28,429,317	28,919,834	23,780,714
	79,060,986	78,426,101	69,068,697
Excess revenue over expenditure	21,723,788	28,480,935	23,800,672
Less principal repaid on serial debt	(42,345)	(42,345)	(40,233)
Transfers from (to):			
Capital fund	(11,651,665)	(12,455,847)	(7,921,391)
Reserve funds for:			
Sinking fund	(12,480,695)	(13,785,361)	(14,892,093)
Reserves	2,450,917	2,935,806	748,124
Reserves - operating fund surplus	-	(5,133,188)	(1,695,079)
Increase in operating fund	-	-	-
Operating fund balance, beginning of year	-	-	-
Operating fund balance, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

GREATER VANCOUVER WATER DISTRICT

Exhibit E

Statement of Capital Fund

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual
Capital funding:			
Revenues			
Grants and other contributions (note 6b)	\$ 55,100,000	\$ 12,488,307	\$ 929,149
Interest on debt reserve fund	-	298,758	195,543
Proceeds from sale of equipment	-	165,367	-
	55,100,000	12,952,432	1,124,692
Internal transfers from (to):			
Operating fund	11,651,665	12,455,847	7,921,391
Reserve funds	540,937	(9,050,600)	-
	12,192,602	3,405,247	7,921,391
Financing:			
Debenture debt issued	54,525,000	54,220,000	212,800,000
	121,817,602	70,577,679	221,846,083
Capital expenditures:			
Water utility plant	178,449,542	98,397,265	46,385,736
Equipment purchases	1,200,000	1,794,254	843,446
Members debt	-	331,744	315,992
Debenture discount	675,073	262,925	647,810
	180,324,615	100,786,188	48,192,984
Less equipment purchases recovery	(1,374,103)	(1,374,103)	(1,360,160)
	178,950,512	99,412,085	46,832,824
Increase (decrease) in capital fund	(57,132,910)	(28,834,406)	175,013,259
Capital fund balance, beginning of year	154,428,240	154,428,240	(20,585,019)
Capital fund balance, end of year	\$ 97,295,330	\$ 125,593,834	\$ 154,428,240

See accompanying notes to financial statements.

GREATER VANCOUVER WATER DISTRICT

Exhibit F

Statement of Reserve Funds

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget	2004 Actual	2003 Actual (restated - note 2)
Reserve fund balances, beginning of year	\$ 111,992,345	\$ 111,992,345	\$ 106,423,033
Add:			
Interest allocated to reserves	178,312	173,095	232,670
Other income		515	
Sinking fund income	-	4,593,119	5,556,500
	178,312	4,766,729	5,789,170
Less sinking fund debt maturity	(38,000,000)	(38,000,000)	(15,000,000)
Internal transfers from (to):			
Capital fund	(540,937)	9,050,600	-
Operating funds for:			
Sinking fund	12,480,695	13,785,361	14,892,093
Reserves	(2,450,917)	(2,935,806)	(748,124)
Reserves - operating fund surplus	-	5,133,188	1,695,079
	9,488,841	25,033,343	15,839,048
Less expenditures:			
Transfer to Greater Vancouver Regional District	(1,013,601)	(561,940)	(1,041,730)
Laboratory equipment	(178,765)	-	(17,176)
	(1,192,366)	(561,940)	(1,058,906)
Increase (decrease) in reserve funds	(29,525,213)	(8,761,868)	5,569,312
Reserve fund balances, end of year	\$ 82,467,132	\$ 103,230,477	\$ 111,992,345

Reserve balances by function:

Designated reserves

Office building capital improvements	\$ 1,885,374	\$ 2,087,843
Equipment replacement	404,210	319,921
Sinking fund	91,244,377	103,965,571

Non-designated reserve

Operating	9,696,516	5,619,010
	<u>\$ 103,230,477</u>	<u>\$ 111,992,345</u>

See accompanying notes to financial statements.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 1

Year ended December 31, 2004

The Greater Vancouver Water District (the District) was established by an Act of the same name in 1924. Its primary responsibility is the supply of potable water to its member municipalities. Its Administration Board is comprised of the same councilors and mayors as appointed to the GVRD Board by the participating municipalities. The District owns or holds under a 999 year lease from the Province an extensive closed watershed as its source of supply. It owns a series of dams, reservoirs, water treatment plants and a distribution network connecting to the municipal distribution systems. The member municipalities under the Act are jointly and severally liable for its debts.

1. Significant accounting policies

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized below.

(a) Use of estimates:

The preparation of these financial statements in conformity with generally accepted accounting principles for local government financial reporting requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on the District's best information and judgement and may differ significantly based on actual results.

(b) Utility plant:

Government assistance is recognized in the period in which events giving rise to the assistance occur and reasonable estimates of the amounts can be made. Grants received and amounts forgiven under financing agreements with senior levels of government, with respect to the construction of utility plants, are reflected in the capital fund.

The cost of the utility plant that is financed by debt is recorded as a charge to operating funds as debt principal payments are made.

Costs of repairs and maintenance are charged to operations. Costs of renewals and replacements of utility plant are capitalized. Upon retirement or disposal of utility plant, the cost, net of proceeds, is recorded as an increase or decrease to equity in capital assets.

Watershed access roads and related facilities are being amortized on a straight-line basis over 15 years.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 2

Year ended December 31, 2004

1. Significant accounting policies (continued)

(c) Equipment:

Costs of repairs, renewals and replacements of equipment are charged to operations; those expenditures which improve or extend the useful life of equipment are capitalized. Upon retirement or disposal of assets, the cost and related amortization are removed from the accounts and any gain or loss is reflected in net operating revenue for the year.

Amortization is provided on equipment on a straight-line basis over the estimated useful lives of the assets and is charged to various revenue fund costs.

(d) Cash and cash equivalents:

The District considers all highly liquid financial instruments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents are recorded at the lower of cost plus accrued interest and market value.

(e) Investments:

Short-term investments consist primarily of money market instruments with an original maturity greater than 90 days but less than one year, and are carried at cost plus accrued interest, which approximates market value. Short-term investments earn interest of between 2.15% and 2.18% and mature between January 13, 2005 and January 27, 2005. The market value of investments was \$10,488,000 at December 31, 2004.

Long-term investments consist primarily of bonds and fixed income securities with maturity greater than one year, and are recorded at cost plus accrued interest. Long-term investments earn interest between 2.75% and 5.75% and mature between March 2005 and September 2007. The market value of investments at December 31, 2004 was approximately \$154,700,574.

(f) Debt charges:

Debt servicing requirements comprising sinking fund contributions, serial repayments and interest are charged against revenue as incurred. Interest is accrued, as a charge against revenue, for the periods from the date of the latest payment to the end of the fiscal year.

A similar accounting policy applies to the principal and interest payments on agreements receivable from members.

(g) Debenture expense:

Debenture expense is amortized on a straight-line basis over the term of the related debt as an adjustment to the capital fund.

(h) Inventories:

Supplies inventories are valued at the lower of weighted-average cost and replacement cost.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 3

Year ended December 31, 2004

1. Significant accounting policies (continued)

(i) Due from (to) other Greater Vancouver Districts:

In order to improve cash management, the general practice of the Greater Vancouver Districts and the Greater Vancouver Housing Corporation is to accumulate short-term investments in a pooled account held by the Greater Vancouver Regional District (GVRD). The investments consist of highly liquid money market instruments with an original maturity greater than 90 days but less than one year.

(j) Revenue recognition:

Revenues are recorded in the period in which transactions or events that gave rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the District discharges its obligations that led to the collection of funds.

2. Prior Period Restatement

In prior years, debenture issues were recorded in long-term debt until all components of the issue reached maturity, however, as each component matures, an obligation no longer exists. Therefore, in 2004, debenture issue components that have matured are no longer included in long-term debt and comparative figures have been restated as follows:

- (a) On the Statement of Financial Position (Exhibit A), long-term debt, sinking funds and reserve funds each decreased by \$808,353, and equity in capital assets increased by the same amount;
- (b) On the Statement of Reserve Funds (Exhibit F), opening reserve funds have decreased by \$808,353.

3. Debenture debt

- (a) Currently, all borrowings for the District are entered into with the Municipal Finance Authority (MFA) by the GVRD on the District's behalf, although the District maintains the right to finance debt without MFA involvement. In the past some serial issues were not financed through the MFA.

Every debt incurred and every debenture or other security issued by the District under the Greater Vancouver Water District Act is a direct, joint and several obligation and liability of the District and each and every member municipality.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 4

Year ended December 31, 2004

3. Debenture debt (continued)

(b) Debenture debt retirements (including sinking fund installments) due within the next five years are as follows

	Net Debenture Payments	Debenture Debt Recoverable from Members	Total Payments
2005	\$ 14,706,000	\$ 158,000	\$ 14,864,000
2006	25,953,000	158,000	26,111,000
2007	25,953,000	158,000	26,111,000
2008	25,105,000	100,000	25,205,000
2009	25,105,000	100,000	25,205,000
	116,822,000	674,000	117,496,000
Due after five years	298,464,911	-	298,464,911
Total	\$ 415,286,911	\$ 674,000	\$ 415,960,911

These amounts do not include interest earned on sinking fund assets which together with the principal payments are sufficient to retire the sinking fund issues at maturity.

4. Sinking Funds

Sinking funds for all issues are administered by the MFA.

Where sinking fund debentures were issued to finance internal water facilities for certain member municipalities, the share of any sinking fund surplus or deficit remaining after the related debenture obligations have been redeemed is apportioned to such member municipalities in the ratio in which they participated in the debenture issue.

5. Debt reserve fund

The District is required to pay into a debt reserve fund administered by the MFA, an amount equal to one-half the average annual installment of principal and interest relative to any borrowing incurred in connection with the issue by the MFA of its debentures in order to secure the balance of its liability to the GVRD. This amount may be paid either in full or in an amount equal to 1% of the principal amount borrowed together with a non-interest bearing demand note for the balance. The District remits cash deposits and demand notes to the GVRD with respect to these funds borrowed to finance the capital requirements of the District through the GVRD and the MFA. At December 31, 2004 the District's portion of the debt reserve fund administered by the MFA on behalf of the District comprised \$6,411,164 (2003 - \$6,206,164) in cash deposits. In addition, \$21,485,162 (2003 - \$21,060,580) in demand notes were outstanding and become payable in the event of default of certain debentures.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 5

Year ended December 31, 2004

5. Debt reserve fund (continued)

If, at any time, the GVRD does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the GVRD are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position. The cash amounts of these transactions will be repaid with interest to the ultimate borrower when the final installments under the respective loan agreements have been made.

6. Capital expenditures

- (a) As at December 31, 2004, the Board of Administration has authorized a total of \$827,243,000 relating to outstanding projects, of which \$249,825,000 has been expended to December 31, 2004.
- (b) On December 6, 2002, the Seymour Filtration Plant Project received approval for funding under the green local government component of the Canada/ British Columbia Infrastructure Program. The maximum approved federal/provincial contribution is \$100,000,000 of which \$40,000,000 was advanced in 2003. During the year ended December 31, 2004 \$2,277,815 of the advance was applied and recorded in grants and other contributions. Accumulated accrued interest of \$1,830,760 (2003-\$917,247) earned on the advance is included in deferred revenue. An additional \$6,819,567 of the approved grant was also received during the year.
- (c) During the year ended December 31, 2004 a grant of \$3,390,925 was received to fund other capital expenditures.

7. Contingencies

(a) Lawsuits:

As at December 31, 2004 there were lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. Management is of the opinion that the losses, if any, resulting from these lawsuits can be sufficiently funded by reserve funds.

(b) Environmental regulations:

The District is subject to environmental regulations which cover different aspects of its operations. These regulations may require future expenditures to meet applicable standards and subject the District to possible penalties for past violations. Any amounts required to meet obligations will be charged to operations or capitalized, as appropriate.

GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 6

Year ended December 31, 2004

7. Contingencies (continued)

(c) Self insurance fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the District, other Greater Vancouver Districts and the Greater Vancouver Housing Corporation (the GVB).

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The District, other Greater Vancouver Districts and the GVB contribute to the fund depending on the fund's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These adjustments are changed as additional information becomes known during the course of claims settlement.

(d) Pension plan:

The District and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustees pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan. The Plan has about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The District, other Greater Vancouver Districts and the GVB paid \$4,170,239 for employer contributions to the Plan during the year ended December 31, 2004 (\$3,899,104 in 2003) and their related employees' contributions amounted to \$4,099,029 (\$3,780,520 in 2003).

8. Comparative Figures

Certain comparative figures for the year ended December 31, 2003 have been reclassified to conform with the presentation adopted in the current year.

GREATER VANCOUVER WATER DISTRICT

Schedule 1 Utility Plant

December 31, 2004, with comparative figures for 2003

	December 31, 2003	2004 additions (transfers)	December 31, 2004
General:			
Supply mains:			
Coquitlam system	\$ 92,591,346	\$ 55,884	\$ 92,647,230
Seymour system	97,492,494	3,602,492	101,094,986
Capilano system	29,560,240	82,604	29,642,844
Land and buildings	47,285,916	-	47,285,916
Dams:			
Cleveland	49,677,481	1,585,775	51,263,256
Seymour Falls	26,160,737	15,149,882	41,310,619
Distribution reservoirs	61,095,057	3,052,982	64,148,039
Pumping stations	35,477,686	154,679	35,632,365
Surveys and investigations	2,456,681	-	2,456,681
Water system control	5,003,709	324,913	5,328,622
Drinking water treatment	100,856,696	73,933,458	174,790,154
Original properties acquired from member municipalities	1,954,326	-	1,954,326
Watershed lands	1,547,912	-	1,547,912
Mountain reservoirs	2,355,672	454,596	2,810,268
Miscellaneous	4,605,523	-	4,605,523
	558,121,476	98,397,265	656,518,741
Watershed management program:			
Roads	13,900,726	-	13,900,726
Bridges	1,433,304	-	1,433,304
Booming grounds	99,038	-	99,038
	15,433,068	-	15,433,068
Less accumulated amortization	15,433,068	-	15,433,068
	-	-	-
	\$ 558,121,476	\$ 98,397,265	\$ 656,518,741

See accompanying notes to financial statements.

GREATER VANCOUVER WATER DISTRICT

Schedule 2

Agreements Receivable from Members

December 31, 2004, with comparative figures for 2003

	Maturity date	Interest rate %	Advances under agreements	<u>Less debt retirement</u>		Net
				Sinking and debt reserve funds		
					2004	2003
Corporation of Delta:						
Richmond - 6th Avenue main	April 24, 2007	7	388,043	185,927	202,116	217,460
			388,043	185,927	202,116	217,460
District of Maple Ridge:						
Maple Ridge reservoir	April 24, 2007	7	1,017,722	802,032	215,690	292,446
Maple Ridge main	November 5, 2012	6	2,182,392	1,516,639	665,753	905,397
			3,200,114	2,318,671	881,443	1,197,843
Miscellaneous			(4,318)		(4,318)	(4,318)
			\$ 3,583,839	\$ 2,504,598	\$ 1,079,241	\$ 1,410,985

See accompanying notes to financial statements.

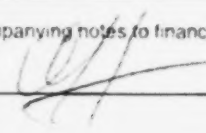
GREATER VANCOUVER WATER DISTRICT

Schedule 3 Debenture Debt

December 31, 2004, with comparative figures for 2003

Issue number	By-law number	Interest rate - %	Maturity date	Debentures authorized to be issued	Debenture debt outstanding	
					2004	2003
					(restated - note 2)	
Sinking fund debentures:						
56	204	9.50	January 9, 2012	\$ 24,000,000	\$ 24,000,000	\$ 24,000,000
61	210	6.50	February 3, 2004	5,000,000	-	5,000,000
62	211	9.00	June 21, 2004	8,000,000	-	8,000,000
63	212	6.50	February 3, 2004	20,000,000	-	20,000,000
64	212	9.125	August 16, 2004	5,000,000	-	5,000,000
66	215	8.00	December 1, 2005	25,000,000	25,000,000	25,000,000
67	813A	7.75	June 1, 2011	10,000,000	10,000,000	10,000,000
68	813B	7.42	September 25, 2011	15,000,000	15,000,000	15,000,000
69	813C	6.90	April 24, 2007	12,206,000	11,397,647	11,397,647
70	215D	5.85	November 5, 2012	10,000,000	10,000,000	10,000,000
71A	813	5.83	November 5, 2022	14,294,000	14,294,000	14,294,000
71B	853	5.83	November 5, 2022	706,000	706,000	706,000
72	217A	5.55	March 24, 2013	15,000,000	15,000,000	15,000,000
73	217B	5.55	September 24, 2013	35,000,000	35,000,000	35,000,000
74	217C	5.49	June 1, 2014	15,000,000	15,000,000	15,000,000
75	217D	5.99	December 1, 2014	54,294,000	54,294,000	54,294,000
76	228	5.92	June 1, 2016	10,449,070	10,449,070	10,449,070
77	946	5.491	June 3, 2018	12,800,000	12,800,000	12,800,000
78PB	994	4.775	October 3, 2018	200,000,000	200,000,000	200,000,000
79A	919R	4.620	April 22, 2011	6,700,000	6,700,000	-
79 BB	946	4.860	April 22, 2019	8,548,000	8,548,000	-
79C	946	4.860	April 22, 2019	1,972,000	1,972,000	-
80	946	4.975	December 02, 2019	37,000,000	37,000,000	-
Total sinking fund debentures					507,160,717	490,940,717
			Maturing in varying annual instalments to			
Serial debentures:						
34	137	5.25	December 1, 2005	384,450	22,022	42,944
35	138	5.25	December 1, 2005	393,639	22,549	43,972
Total serial debentures					44,571	86,916
Total debenture debt					\$ 507,205,288	\$ 491,027,633

See accompanying notes to financial statements.

 Treasurer

GREATER VANCOUVER WATER DISTRICT

Schedule 4

Financial Activities by Object

Year ended December 31, 2004, with comparative figures for 2003

	Operating 2004	Capital 2004	Reserve 2004	2004	2003
Revenue:					
Metered sale of water	\$ 95,215,358	-	-	95,215,358	\$ 84,560,010
Interest income	-	298,758	173,095	471,853	232,670
Grants and other contributions	-	12,488,307	-	12,488,307	-
Other revenue and recoveries	11,434,701	165,367	515	11,600,583	9,411,882
Sinking fund income	-	-	4,593,119	4,593,119	5,556,500
Internal recoveries	256,977	-	-	256,977	22,169
	106,907,036	12,952,432	4,766,729	124,626,197	99,783,231
Expenditure:					
Operating					
Asset purchases and maintenance	484,085	2,611,825	-	3,095,910	2,053,740
Contracted services	3,342,240	79,032,396	-	82,374,636	41,971,983
Allocated corporate costs	9,882,846	-	-	9,882,846	7,482,534
Interest on long-term debt	28,919,834	331,744	-	29,251,578	23,780,714
Internal services	8,714,891	402,376	-	9,117,267	8,169,994
Materials and supplies	5,373,227	12,046,760	-	17,419,987	6,839,307
Other	3,642,667	1,389,615	561,940	5,594,222	5,692,281
Salaries and benefits	11,535,693	3,472,001	-	15,007,694	13,381,826
Utilities, permits and taxes	6,530,618	125,368	-	6,655,986	7,588,048
	78,426,101	99,412,085	561,940	178,400,126	116,960,427
Excess of revenue over expenditure	28,480,935	(86,459,653)	4,204,789	(53,773,929)	(17,177,196)
Financing Activities:					
Add: Debenture debt issued	-	54,220,000	-	54,220,000	212,800,000
Less: Principal repaid on serial debt	(42,345)	-	-	(42,345)	(40,233)
Less: Debenture debt maturity	-	-	(38,000,000)	(38,000,000)	(15,000,000)
Transfers from(to):					
Reserves/Capital	-	(9,050,600)	9,050,600	-	-
Sinking fund	(13,785,361)	-	13,785,361	-	-
Operating/Capital	(12,455,847)	12,455,847	-	-	-
Reserves/Operating	2,935,806	-	(2,935,806)	-	-
Reserves-operating fund surplus	(5,133,188)	-	5,133,188	-	-
Increase (decrease) in fund balances	-	(28,834,406)	(8,761,868)	(37,596,274)	180,582,571
Fund balances, beginning of year	-	154,428,240	111,992,345	266,420,585	85,838,014
Fund balances, end of year	\$ -	125,593,834	103,230,477	228,824,311	\$ 266,420,585

See accompanying notes to financial statements.

Financial Statements of

**GREATER VANCOUVER
HOUSING CORPORATION**

Year ended December 31, 2004

GREATER VANCOUVER HOUSING CORPORATION ("GVHC")

MANAGEMENT REPORT

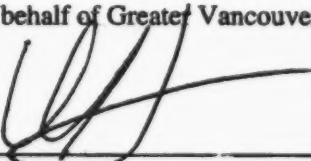
The Financial Statements contained in this report have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The corporation's internal auditors have the responsibility for assessing the management systems and practices of the corporation.

The external auditors, Ernst & Young LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Financial Information Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of Greater Vancouver Housing Corporation



Gordon Ruth
Treasurer

Date: April 11, 2005

AUDITORS' REPORT

To the Shareholder of the
Greater Vancouver Housing Corporation

We have audited the statement of financial position of the **Greater Vancouver Housing Corporation** (the "Corporation") as at December 31, 2004 and the statements of operations and fund balances and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,
March 29, 2005.

Ernst & Young LLP

Chartered Accountants

GREATER VANCOUVER HOUSING CORPORATION

Index to Statements

December 31, 2004

	Exhibit
Statement of Financial Position	A
Statement of Operations and Fund Balances	B
Statement of Changes in Financial Position	C
Notes to Financial Statements	
	Schedule
Rental Properties	1
Mortgages and Debentures Payable	2
Rental Property Operations Revenue and Expenditure	3

GREATER VANCOUVER HOUSING CORPORATION

Exhibit A

Statement of Financial Position

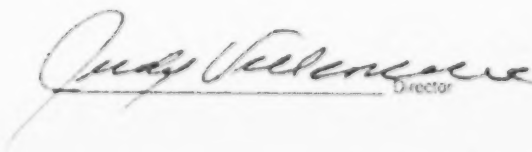
December 31, 2004, with comparative figures for 2003

	Capital Fund	Revenue Fund	Capital Reserve Fund	Replacement Reserve Fund	Rental Subsidy Reserve Fund	2004	2003 (restated - note 2)
Assets							
Current Assets:							
Accounts receivable and accrued interest, net of allowance	\$ 102,658	\$ 658,106	\$ -	\$ 92,319	\$ -	\$ 854,083	\$ 934,627
Prepaid expenses	-	3,863	-	-	-	3,863	3,863
Due from British Columbia Housing Management Commission	-	8,712	-	-	-	8,712	282,722
Due from Canada Mortgage and Housing Corporation	-	331,459	-	-	-	331,459	332,868
	102,658	1,003,140	-	92,319	-	1,188,117	1,554,080
Investments:							
Government of Canada and Provincial bonds, market value: \$11,850,370 (2003 - \$12,790,695) (note 1)	-	-	-	11,642,612	-	11,642,612	12,543,964
Due from Greater Vancouver Regional District (note 1)	(1,811,730)	9,603,672	8,771,073	1,117,742	1,587,487	19,268,244	14,623,902
Due from British Columbia Housing Management Commission	618,621	-	-	-	-	618,621	-
Rental properties, at cost, (Schedule 1) (note 3)	263,969,684	-	-	-	-	263,969,684	270,667,124
Accumulated amortization, (Schedule 1)	(115,404,503)	-	-	-	-	(115,404,503)	(109,430,329)
	148,565,181	-	-	-	-	148,565,181	161,236,795
	147,474,730	10,606,812	8,771,073	12,852,673	1,587,487	181,292,775	189,958,741
Liabilities and Shareholder's Equity							
Current Liabilities:							
Accounts payable	642	1,051,892	79	-	-	1,052,613	1,771,353
Accrued debt charges	-	2,168,411	-	-	-	2,168,411	2,219,560
Due to British Columbia Housing Management Commission	-	-	-	-	-	-	15,211
Due to Canada Mortgage and Housing Corporation (note 7)	-	-	-	-	384,487	384,487	-
Deferred revenue (note 1)	403,200	308,539	-	-	-	711,739	266,294
Mortgages and debentures payable, current portion (note 3)	64,077,159	-	-	-	-	64,077,159	58,366,118
Tenants' security deposits	-	1,455,523	-	-	-	1,455,523	1,532,371
	64,481,001	4,984,365	79	-	384,487	69,849,932	62,170,907
Mortgages and debentures payable (notes 3 and 4) (Schedule 2)	125,548,833	-	-	-	-	125,548,833	147,073,917
Shareholder's equity:							
Capital stock (note 6)	2,000	-	-	-	-	2,000	2,000
Fund balances:							
Investment in capital assets	(42,557,104)	-	-	-	-	(42,557,104)	(43,857,889)
Externally restricted	-	5,236,453	-	12,852,673	1,203,000	19,292,126	19,712,060
Informally restricted	-	385,994	8,770,994	-	-	9,156,988	4,857,746
Total shareholder's equity	(42,555,104)	5,622,447	8,770,994	12,852,673	1,203,000	(14,105,990)	(19,286,083)
	\$ 147,474,730	\$ 10,606,812	\$ 8,771,073	\$ 12,852,673	\$ 1,587,487	\$ 181,292,775	\$ 189,958,741
Contingencies (notes 9 and 7)							

See accompanying notes to financial statements



Director



Director

GREATER VANCOUVER HOUSING CORPORATION

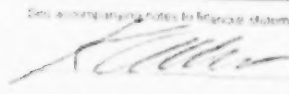
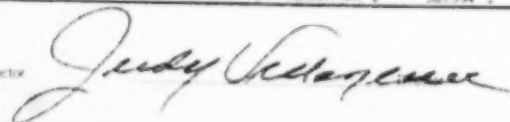
Exhibit B

Statement of Operations and Fund Balances

Year ended December 31, 2004, with comparative figures for 2003

	Rental Operations		Restricted Funds					2004	2003
	2004 Budget	2004 Actual	Capital Fund	Operating Reserves	Capital Reserve Fund	Replacement Reserve Fund	Rental Subsidy Reserve Fund		
Revenue									(continued - note 2)
Property rentals	\$ 27,989,039	\$ 28,203,674		\$	\$	\$	\$	28,203,674	\$ 27,365,346
CMHC mortgage assistance (note 5)	3,795,669	3,996,334						3,996,334	4,552,331
BCMHC rent subsidy assistance (note 5)	3,411,390	3,113,385						3,113,385	2,742,184
Development & consulting revenue	124,848	97,917						97,917	126,207
Interest			31,684	6,682	211,495	557,545	16,490	825,886	853,974
Other	399,671	392,305						392,305	456,500
	35,720,607	36,803,515	31,684	6,682	211,495	557,545	16,490	36,629,421	36,119,562
Expenditure									
Variable costs:									
Advertising	29,305	28,857						28,857	31,781
Amortization	6,100,000	6,095,924						6,095,924	6,111,350
Contracted services	212,458	227,034						227,034	181,534
Decorating and cleaning	693,113	896,752						896,752	743,917
Garbage removal	555,262	497,334						497,334	492,426
Landscape maintenance	416,958	528,814						528,814	483,076
Materials and supplies	99,865	37,493						37,493	17,007
Other services and supplies	36,548	110,594						110,594	87,648
Doubtful accounts expense	97,666	165,261			25,145			190,406	161,458
Repairs and maintenance	1,481,260	1,317,073				4,694,216		6,011,289	5,917,743
Security	21,108	14,245						14,245	28,064
Site management	2,725,373	2,295,160						2,295,160	2,462,467
Utilities	2,641,965	2,455,846						2,455,846	2,324,138
	15,120,952	14,660,407			25,145	4,694,216		19,379,768	19,023,244
Fixed costs:									
Insurance	389,207	442,416						442,416	363,205
Land and building rental	87,990	91,200						91,200	88,921
Management fee	2,666,572	2,660,199						2,660,199	2,818,730
Property taxes and licenses	2,346,331	1,975,813						1,975,813	2,065,905
	8,712,102	5,159,628						5,159,628	5,325,861
Debt charges:									
Interest expense (note 6)	10,700,571	10,832,253						10,832,253	11,204,913
Special costs:									
Minor capital improvements	667,000	280,445		15,494				295,939	1,217,836
Community costs									
Development & consulting expenses	287,497	215,924						215,924	368,453
	914,497	496,369		15,494				511,863	1,586,289
Income (loss) before contribution	37,495,072	31,948,717		15,494	25,145	4,694,216		35,583,527	37,192,066
Provision for replacement reserve	(1,903,265)	(1,902,546)			186,342	(4,146,671)	16,490	345,849	(1,077,504)
Contribution from (to) capital reserve	162,649	118,107	(4,257,821)		4,119,714	1,961,518			
Contribution from (to) rental subsidy reserve	248,246	(957,163)	1,174						
Contribution from (to) capital fund	248,245	24,499	(24,499)				471,502	(384,487)	
Transfers to BCMHC		8,718							
Gain on sale of property (note 9)			4,320,317					8,716	(15,208)
BCMHC/CMHC adjustments		327,997						4,320,317	
Net income (loss) (Schedule 2)	1,990,411	2,549,627	31,684	(6,812)	4,306,054	(2,175,153)	467,992	5,213,392	(1,129,724)
Fund balances, beginning of year									
As previously reported		4,106,727	(43,857,889)	392,806	4,919,134	14,927,826	277,507	(18,833,889)	(17,704,160)
Restatement (note 2)					(454,194)			(454,194)	
Fund balances, beginning of year	4,089,227	4,106,727	(43,857,889)	392,806	4,464,940	14,927,826	277,507	(19,288,083)	(18,158,355)
Transfers to BCMHC		(33,239)						(33,239)	
Interfund transfers									
Amortization	6,100,000	6,095,924	(6,095,924)						
Debt principal repayments	(7,403,000)	(7,365,025)							
Contribution to replacement reserve		(100,000)							
Fund balances, end of year	\$ 4,759,638	\$ 5,673,994	\$ (42,562,104)	\$ 385,994	\$ 8,720,984	\$ 12,852,673	\$ 765,499	\$ (14,107,990)	\$ (19,288,083)

See accompanying notes to financial statements.

 Director 

GREATER VANCOUVER HOUSING CORPORATION

Exhibit C

Statement of Changes in Financial Position

Year ended December 31, 2004, with comparative figures for 2003

	Capital Fund	Revenue Fund	Capital Reserve Fund	Replacement Reserve Fund	Rental Subsidy Reserve Fund	2004	2003 (restated - note 2)
Cash provided by (used in):							
Operations:							
Net income (loss)	\$ 31,684	\$ 2,562,815	\$ 4,306,054	\$ (2,175,153)	\$ 487,992	\$ 5,213,392	\$ (1,129,724)
Add items not affecting cash:							
Gain on disposition of property	(4,320,317)	-	-	-	-	(4,320,317)	-
Interest adjustment	-	-	-	-	-	-	61,316
Amortization	6,095,924	-	-	-	-	6,095,924	6,111,950
	1,807,291	2,562,815	4,306,054	(2,175,153)	487,992	6,988,999	5,043,542
Net changes in other operating balances	2,399,927	(2,420,569)	(454,115)	122,118	384,487	31,848	(430,173)
	4,207,218	142,246	3,851,939	(2,053,035)	872,479	7,020,847	4,613,369
Financing:							
Mortgage principal repayment	(13,575,524)	-	-	-	-	(13,575,524)	(6,386,121)
Debenture repayment	(238,519)	-	-	-	-	(238,519)	(220,525)
Mortgage principal	-	-	-	-	-	-	8,290,000
Advances (to) from BCHMC	(335,899)	(23,923)	-	-	-	(359,822)	(4,806,767)
Advances (to) from Greater Vancouver Regional District	(953,284)	(118,323)	(3,851,939)	1,151,683	(872,479)	(4,644,342)	(1,785,050)
	(15,103,226)	(142,246)	(3,851,939)	1,151,683	(872,479)	(18,818,207)	(4,888,469)
Investments:							
Increase in rental properties	(477,503)	-	-	-	-	(477,503)	(3,427,120)
Decrease in long-term investments	-	-	-	901,352	-	901,352	3,539,231
Proceeds on disposition of property	11,373,511	-	-	-	-	11,373,511	-
	10,896,008	-	-	901,352	-	11,797,360	112,111
Decrease in cash	-	-	-	-	-	-	(162,989)
Cash, beginning of year	-	-	-	-	-	-	162,989
Cash, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

GREATER VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 1

Year ended December 31, 2004

1. Significant accounting policies

The Greater Vancouver Housing Corporation (the "GVHC" or "Corporation") is a wholly owned subsidiary of the Greater Vancouver Regional District. The Corporation was incorporated under the Business Corporation Act of British Columbia for the purpose of supplying public rental accommodation.

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, as recommended by the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized below:

(a) Basis of presentation:

The Corporation follows the restricted fund method of accounting and presentation. Accordingly, the transactions of the Corporation are recorded in five funds as follows:

i) Capital Fund

The Capital Fund reflects the Corporation's investment in capital assets and related financial activities.

ii) Revenue Fund

The Revenue Fund reflects the Corporation's assets, liabilities and transactions relating to the ongoing rental operations. Funds, relating to the accumulation of prior year surpluses for Section 27, Homes BC and Greater Vancouver Housing Corporation projects are retained and available to offset future operating deficits in these projects. Homes BC surplus funds may be used for other purposes as approved by British Columbia Housing Management Commission ("BCHMC"). In the event that surpluses exceed the \$500 per unit maximum, BCHMC may require that excess funds be repaid.

iii) Capital Reserve Fund

The Capital Reserve fund reflects the gain on disposition of properties and it is used to cover project deficits for Seniors, Homes BC and Greater Vancouver Housing Corporation projects and to fund new capital projects. The fund also reflects certain non-rental income.

GREATER VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 2

Year ended December 31, 2004

1. Significant accounting policies (continued)

iv) Replacement Reserve Fund

Under operating agreements entered into with Canada Mortgage and Housing Corporation ("CMHC") and BCHMC, a reserve is required to be provided from rental operations for the replacement of equipment and specified building components. For CMHC agreements, from the inception of a project, a maximum contribution of 1% per annum of the original construction cost of the building is permitted as a provision against rental revenue for the purpose of calculating the operating income or loss. With approval of CMHC, contributions may be adjusted from time to time based on an asset life cycle analysis. Expenditures from this reserve require approval by CMHC and are restricted to the replacement of equipment and specified building components.

For BCHMC agreements, reserve contributions are based on approved projected capital repairs and replacements for each project. The annual contribution is allowed as a provision for the purpose of calculating the operating income or loss upon which assistance is based.

v) Rental Subsidy Reserve Fund

A rental subsidy reserve pursuant to Section 95 of the National Housing Act ("NHA") may be provided from rental operations to a maximum of \$500 per unit. The use of the Fund is restricted to meeting future subsidy requirements over and above the maximum assistance.

(b) Rental properties:

i) Capitalization:

The Corporation capitalizes all housing rental property expenditures, including interest and property taxes, incurred to the date of completion of the project. In addition, net rental losses are capitalized following completion of the property for a period equal to the lesser of the time required to achieve 90% occupancy and one year.

ii) Repairs and maintenance:

Costs of repairs and maintenance are charged to operations. Costs of renewals and replacements of rental properties, other than those charged to the replacement reserve, are capitalized. Upon retirement or disposal of rental properties, the cost, net of any proceeds, is charged to investment in capital assets.

iii) Amounts forgiven:

Amounts forgiven under financing agreements with CMHC with respect to construction or acquisition of rental properties are credited to investment in capital assets.

GREATER VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 3

Year ended December 31, 2004

1. Significant accounting policies (continued)

iv) Amortization:

Amortization is provided on a straight-line basis over the following periods:

Prepaid land leases (property reverts to lessor on lease expiration)	35 years
Rental buildings (with the exception of Manor House and the Regal Hotel)	35 years
Manor House and the Regal Hotel (older properties)	25 years

A full year of amortization is taken in the year of the completion of the property and no amortization is taken in the year of property disposal.

(c) Investments:

Investments consist primarily of Government of Canada and provincial bonds which are recorded at the lower of cost, adjusted for amortization of premiums and accretion of discounts on a yield basis, and market value.

(d) Due from (to) Greater Vancouver Regional District:

The general practice of the Greater Vancouver Districts and the Greater Vancouver Housing Corporation is to accumulate short-term investments in a pooled account held by the Greater Vancouver Regional District ("District"). The investments consist of highly liquid money market instruments.

(e) Revenue recognition:

Revenues are recorded in the period in which transactions or events giving rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Corporation discharges its obligations that led to the collection of funds.

2. Restatement of Prior Year

In prior years, an amount was recorded as a grant receivable that was payable upon the occurrence of specific events. The amount should not have been recognized as a receivable until the event occurred. As a result, 2003 balances have been restated by decreasing both accounts receivable and the capital reserve fund balance by \$454,194.

GREATER VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 4

Year ended December 31, 2004

3. Mortgages and debentures payable, current portion

The current portion of mortgages and debentures consists of the payments due within one year, including the outstanding balance for any mortgages to be renewed in that year. All mortgages are, however, expected to be renegotiated on a long-term basis. Annual principal repayments due within the next five years are as follows:

	Assuming no renewal of mortgages	Assuming long- term renewal of mortgages
2005	\$ 64,077,159	\$ 7,720,232
2006	22,808,502	8,118,490
2007	18,726,580	8,544,781
2008	51,722,829	8,994,919
2009	645,193	9,469,359
	157,980,263	42,847,781
Due after five years	31,645,729	146,778,211
	<u>\$ 189,625,992</u>	<u>\$ 189,625,992</u>

4. Mortgages and debentures payable

Mortgages payable with respect to projects constructed pursuant to Section 95 of the NHA are collateralized by specific charges on rental properties as well as a general assignment of rents and a chattel mortgage on the fixtures and equipment. BCHMC properties are collateralized by a general assignment of rents and the benefit of all covenants and agreements included in any lease.

5. Senior government assistance

Details of senior government assistance are as follows:

(a) CMHC mortgage assistance on NHA Section 95 projects:

The Corporation has entered into agreements with CMHC pursuant to Section 95 of the NHA whereby CMHC will provide mortgage assistance to the Corporation which will reduce the interest cost to not less than 2% on all mortgages payable.

The mortgage assistance on a project is reduced by repaying to CMHC any surplus funds from rental operations after allowing for:

- (i) the provision of a rental subsidy reserve to a maximum of \$500 per rental property unit, and
- (ii) the allocation of the annual operating surplus on a housing project, after providing the full rental subsidy reserve, to operating deficits of other projects.

GREATER VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 5

Year ended December 31, 2004

5. Senior government assistance (continued)

(b) CMHC financing assistance on NHA Section 27 projects:

Under the terms of financing agreements with CMHC, pursuant to Section 27 of the NHA, the Corporation financed eight rental properties by issuing a 49 year debenture on each project at an interest rate of 8%, which was less than the market rate of interest prevailing at the time the financing agreements were entered into. In addition, CMHC granted a forgiveness of 10% of the capital cost on each of these rental properties to be amortized over the life of the debenture. If the debenture is paid out, the amortized portion would be realized.

(c) CMHC mortgage insurance:

Pursuant to Section 6 of the NHA, CMHC has undertaken to insure mortgages payable by the Corporation.

(d) NHA Section 82.1(a) and (b) subsidy:

Rental supplements are authorized under Section 82.1(a) and (b) of the NHA and are funded jointly by CMHC on behalf of the Federal Government and BCHMC on behalf of the Province of British Columbia (the "Province").

(e) Homes BC Projects:

The Corporation has entered into agreements with BCHMC under the unilaterally funded Homes BC Program. The Province agrees to provide rent subsidy assistance for Rent Geared to Income ("RGI") units based on the difference between the tenant rent contribution and the BCHMC approved economic rents. The Province also agrees to provide Repayable Assistance equal to the difference between the BCHMC approved economic rents and the BCHMC approved low-end of market rents for the remaining units. The repayable assistance is currently being recorded as grants per BCHMC.

6. Capital stock

Authorized and issued 2,000 common shares with a par value of \$1 per share.

7. Contingencies

(a) Lawsuits:

At December 31, 2004, there were lawsuits pending against the Corporation arising in the ordinary course of business. The Corporation has retained legal counsel to defend against these lawsuits. It is not possible to predict the outcome of these lawsuits at this time. Management is of the opinion that losses, if any, resulting from these lawsuits can be sufficiently funded by reserve funds.

GREATER VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 6

Year ended December 31, 2004

7. Contingencies (continued)

(b) Self insurance fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the Greater Vancouver Districts and the Corporation.

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The Greater Vancouver Districts and the Corporation contribute to the fund depending on the fund's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims incurred annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These adjustments are changed as additional information becomes known during the course of claims settlement.

(c) Pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan. The Plan has about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. Contribution rates for both Plan members and their employers have been increased effective July 1, 2005 to fund this liability. The next valuation will be at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation, together with the Greater Vancouver Regional District and other Greater Vancouver Districts, paid \$4,170,239 for employer contributions to the Plan during the year ended December 31, 2004 (\$3,899,104 in 2003) and their related employees' contributions during 2004 amounted to \$4,099,029 (\$3,780,520 in 2003).

(d) BC Homes Repayable Assistance:

The cumulative non-Rent Geared to Income ("non-RGI") assistance is contingently repayable to BCHMC in the event that the total rent contribution in any year exceeds the economic rent of the suites occupied by non-RGI tenants. Annual repayments would be based on the amount non-RGI tenant contributions exceed economic rents which take into account repayment of debt. In management's opinion, such an event will not occur until the mortgages on these properties mature, which is in approximately 20 years. Consequently, no provision has been made in these financial statements.

GREATER VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 7

Year ended December 31, 2004

7. Contingencies (continued)

(e) Water ingress repairs:

The Corporation's Section 95 portfolio of properties have significant water ingress problems. Management is developing plans, including seeking financial assistance, to repair these properties over the next several years. Based on professional building envelope assessments conducted in 1999, 2000 and 2004, inflation adjustments and work completed to date, management estimates the total cost of future repairs to be \$24 million. The Corporation will record the expenditures as the repairs are undertaken.

(f) Rental Subsidy Reserve:

The Corporation's Section 95 portfolio has a maximum allowable rental subsidy reserve of \$500 per unit as per the operating agreement with CMHC. Any excess reserves are repayable to CMHC. This portfolio holds 2,406 units as at December 31, 2004, therefore, the total maximum allowable reserve amounts to \$1,203,000. In 2004, the reserve has excess funds of \$384,487 which have been recorded as a liability.

8. Interest expense

	2004	2003
Interest charges incurred:		
Mortgages	\$ 9,218,305	\$ 9,833,507
Debentures	1,413,948	1,451,406
	<u>\$ 10,632,253</u>	<u>\$ 11,284,913</u>

9. Sale of properties

During the year ended December 31, 2004, eight properties were sold – seven single family homes at varying addresses in Surrey and Coquitlam and surplus land in Richmond for \$11.4 million. A gain on disposal of \$4.3 million has been recorded in the capital fund.

GREATER VANCOUVER HOUSING CORPORATION

Schedule 1 Rental Properties

Year ended December 31, 2004, with comparative figures for 2003

Rental Property	Date of Completion	Expiry Date on Leasehold Interest	Buildings	Cost Land		Total	Accumulated Amortization	Net Book Value	
				Freehold	Leasehold Interest			2004	2003
NHA Section 95 projects:									
Burnaby									
Eastburn Square	February 1, 1984		1,725,987	\$ 590,000	\$ -	\$ 2,315,987	\$ 1,035,592	\$ 1,280,395	\$ 1,329,709
Greystone Village	February 1, 1984		6,364,308	1,650,000	-	8,014,308	3,818,584	4,195,724	4,377,561
Ran Beamish Place	May 1, 1984		7,835,052	2,440,000	-	10,275,052	4,701,032	5,574,020	5,797,879
			15,925,347	4,680,000	-	20,605,347	9,555,208	11,050,139	11,505,149
Coquitlam									
Chateau Place	February 1, 1980		511,741	204,725	-	716,466	365,529	350,937	365,558
Malaspina Village	October 1, 1982		4,195,513	1,811,212	-	6,006,725	2,757,052	3,249,673	3,369,545
Ozada Village	September 1, 1982		3,402,558	797,442	-	4,200,000	2,235,967	1,964,033	2,061,249
Park Court	June 1, 1979		600,140	241,675	-	841,815	445,819	395,996	413,143
			8,709,952	3,055,054	-	11,765,006	5,804,367	5,960,639	6,209,495
Delta									
Evergreen Downs	December 1, 1982		2,115,358	723,242	-	2,838,600	1,390,093	1,448,507	1,508,946
Lynden Court	January 1, 1983		3,080,268	1,374,497	-	4,454,765	1,936,169	2,518,596	2,606,604
			5,195,626	2,097,739	-	7,293,365	3,326,262	3,967,103	4,115,550
New Westminster									
London Square	January 1, 1983		3,401,529	1,003,764	-	4,405,293	2,138,105	2,267,188	2,364,375
McBride Place	February 1, 1985		5,929,641	1,520,000	-	7,449,641	3,388,366	4,061,275	4,230,693
			9,331,170	2,523,764	-	11,854,934	5,526,471	6,328,463	6,595,068
North Vancouver									
Pinewood Place	October 1, 1985		2,728,568	1,450,000	-	4,178,568	1,559,182	2,619,386	2,697,345
Walnut Gardens	January 1, 1985	May, 2026	1,606,882	-	578,393	2,185,275	1,248,729	936,546	998,984
			4,335,450	1,450,000	578,393	6,363,843	2,807,911	3,555,932	3,696,329
Port Coquitlam									
River Place	October 1, 1982		7,886,682	1,839,503	-	9,726,185	5,182,677	4,543,508	4,768,842
Port Moody									
Moray Place	May 1, 1983		3,784,132	921,868	-	4,706,000	2,378,597	2,327,403	2,435,521
Richmond									
Adelaide Court	September 1, 1982	March, 2042	3,984,361	-	864,591	4,848,952	3,186,456	1,662,496	1,801,039
Knightsbridge I	March 1, 1983		4,742,854	2,056,646	-	6,799,500	2,981,222	3,818,278	3,953,788
Knightsbridge II	March 1, 1984		4,446,142	1,618,500	-	6,064,642	2,667,686	3,396,956	3,523,989
Maple Vine Court	April 1, 1983		4,851,665	1,305,835	-	6,157,500	3,049,618	3,107,882	3,246,501
Moffatt Park	July 1, 1984		1,251,741	583,700	-	1,835,441	751,045	1,084,396	1,120,160
			19,276,763	5,564,681	864,591	25,706,035	12,636,027	13,070,008	13,645,477
Surrey									
Deer Park Lane	July 1, 1982		1,956,839	945,652	-	2,902,491	\$ 1,285,923	\$ 1,616,568	\$ 1,672,478
Epsom Downs	July 1, 1982		8,258,944	1,760,624	-	10,019,568	5,427,306	4,592,262	4,828,232
Guildford Glen	July 1, 1981		3,821,696	611,795	-	4,433,491	2,620,591	1,812,900	1,922,091
Kingston Gardens I, II, III	July 1, 1981		6,446,660	1,615,155	-	8,061,815	4,420,566	3,641,249	3,825,439
Kingston Gardens IV	October 1, 1981		2,865,273	808,400	-	3,673,673	1,964,759	1,708,914	1,790,779
Somerset Gardens I	November 1, 1979		2,377,622	1,109,378	-	3,487,000	1,766,233	1,720,767	1,788,699
Somerset Gardens II	July 1, 1982		2,508,244	1,409,715	-	3,917,959	1,648,274	2,269,685	2,341,349
Somerset Gardens III	July 1, 1982		3,159,149	1,731,846	-	4,890,995	2,076,011	2,814,984	2,905,245
Sutton Place	October 1, 1982		5,212,355	1,711,895	-	6,924,250	3,425,261	3,498,989	3,647,913
			36,606,782	11,704,460	-	48,311,242	24,634,924	23,676,318	24,722,225

GREATER VANCOUVER HOUSING CORPORATION

Schedule 1 Rental Properties

Year ended December 31, 2004, with comparative figures for 2003

Rental Property	Date of Completion	Expiry Date on Leasehold Interest	Buildings	Cost Land		Total	Accumulated Amortization	Net Book Value	
				Freehold	Leasehold Interest			2004	2003
Vancouver									
Ashdown Gardens	December 1, 1982	March, 2039	1,711,695	900,845	-	2,612,540	1,124,829	1,487,711	1,536,617
Franklin Street	January 1, 1982		956,450	126,925	-	1,083,375	628,524	454,851	482,178
Habitat Villa	November 1, 1979		1,306,153	-	406,666	1,712,819	1,272,381	440,438	489,376
Heather Place	January 1, 1983		5,127,580	2,464,092	-	7,591,672	3,223,050	4,368,622	4,515,124
Hemlock Court	December 1, 1984	September, 2040	1,236,991	480,000	-	1,716,991	742,195	974,796	1,010,139
Hugh Bird Residence	December 1, 1981		2,829,727	-	184,430	3,014,157	2,066,850	947,307	1,033,425
Strathearn Court	May 1, 1984		4,852,527	2,800,000	-	7,652,527	2,911,517	4,741,010	4,879,654
Tivoli Gardens	May 1, 1982		8,510,371	-	1,817,003	10,327,374	6,786,559	3,540,815	3,835,881
			26,531,494	6,771,862	2,408,099	35,711,455	18,755,905	16,955,550	17,782,394
Single family units	November 1, 1979		-	-	-	-	-	-	221,432
Total NHA Section 95 projects			137,583,398	40,608,931	3,851,083	182,043,412	90,608,349	91,435,063	95,697,482
NHA Section 27 projects:									
North Vancouver									
St. Andrew's Place	October 1, 1976		402,826	77,701	-	480,527	333,769	146,758	158,267
Port Coquitlam									
Meridian Village	May 1, 1976		6,777,618	943,844	-	7,721,462	5,615,740	2,105,722	2,299,368
Richmond									
Minato West	October 1, 1977		3,864,975	455,802	-	4,320,777	3,091,980	1,228,797	1,339,225
Vancouver									
Earle Adams Village	May 1, 1979	September, 2038	3,335,816	-	1,005,998	4,341,814	\$ 3,225,348	\$ 1,116,466	\$ 1,240,518
Euclid Square	May 1, 1979	September, 2038	1,026,683	-	250,064	1,276,747	948,441	328,306	364,785
Grandview Gardens	May 1, 1977	June, 2036	791,595	-	163,373	954,968	763,975	190,993	218,278
Kelly Court	December 1, 1979	March, 2039	1,599,220	-	163,657	1,762,877	1,309,566	453,311	503,679
Serlin Terrace	June 1, 1977	June, 2036	1,186,903	-	230,681	1,417,584	1,134,068	283,516	324,020
			7,940,217	-	1,813,773	9,753,990	7,381,398	2,372,592	2,651,280
Total NHA Section 27 projects			18,985,636	1,477,347	1,813,773	22,276,756	16,422,887	5,853,869	6,448,140
Seniors projects:									
Richmond									
Cedarwood Place	January 1, 1988	March, 2047	2,533,493	-	259,887	2,793,380	1,356,784	1,436,596	1,516,406
Alderwood Place	July 1, 1992	July, 2051	4,014,802	-	1,545,478	5,560,280	2,065,248	3,495,032	3,653,898
Total Seniors projects			6,548,295	-	1,805,365	8,353,660	3,422,032	4,931,628	5,170,304

GREATER VANCOUVER HOUSING CORPORATION

Schedule 1 Rental Properties

Year ended December 31, 2004, with comparative figures for 2003

Rental Property	Date of Completion	Expiry Date on Leasehold Interest	Buildings	Cost Land		Total	Accumulated Amortization	Net Book Value		
			Freehold	Leasehold Interest	2004			2003		
Homes BC Projects:										
Coquitlam										
Chateau de Ville	June 1, 2000	June, 2060	9,534,905	-	2,500,000	12,034,905	1,362,130	10,672,775	10,945,201	
Prairie Avenue			81,505	-	-	81,505	-	81,505	82,691	
Maple Ridge										
Fraserwood	December 1, 2000	December, 2060	4,973,004	-	537,867	5,510,871	710,429	4,800,442	4,942,528	
Port Moody										
Inlet Centre	October 2, 2007	October 2063	7,437,678	-	1,300,000	8,737,678	486,768	8,250,910	8,464,780	
Richmond										
Maplewood	May 1, 2002	December, 2062	3,417,279	-	750,912	4,168,191	357,276	3,810,915	3,930,008	
Odlinwood	August 1, 2001	August, 2061	5,901,228	-	1,397,500	7,298,728	834,142	6,464,586	6,673,123	
Vancouver										
Pennsylvania Hotel			1,017,861	285,245	-	1,303,106	-	1,303,106	1,153,993	
Claude Douglas	December 1, 2001	December, 2061	2,805,267	-	520,000	3,325,267	320,602	3,004,665	3,084,816	
Total Homes BC Projects			35,168,727	285,245	7,006,279	42,460,251	4,071,347	38,388,904	39,257,140	
GVHC Projects:										
New Westminster										
Crown Manor	November 29, 2002		1,210,846	610,000	-	1,820,846	116,812	1,704,034	1,738,223	
North Vancouver										
Manor House	September 18, 1998		1,556,724	2,585,190	-	4,141,914	435,883	3,706,031	3,768,300	
Port Coquitlam										
Welcher Avenue			55,202	815,749	-	870,951	-	870,951	870,951	
Richmond										
Elmbridge			-	-	-	-	-	-	6,546,119	
Vancouver										
Regal Hotel	March 1, 2000		1,835,988	365,906	-	2,001,894	327,193	1,674,701	1,740,136	
Total GVHC projects			4,458,760	4,376,845	-	8,835,605	879,888	7,955,717	14,663,729	
Total rental properties			202,744,816	\$ 46,748,368	\$ 14,476,500	\$ 263,969,684	\$ 115,404,503	\$ 148,565,181	\$ 161,236,795	

See accompanying notes to financial statements.

GREATER VANCOUVER HOUSING CORPORATION

Schedule 2

Mortgages and Debentures Payable

December 31, 2004, with comparative figures for 2003

Rental Property	Interest Rate - %	Renewal Date	Maturity Date	2004	2003
NHA Section 95 projects:					
Mortgages payable:					
Adelaide Court	4.470	December 1, 2008	September 1, 2017 \$	3,085,292 \$	3,261,487
Ashdown Gardens	4.470	December 1, 2008	December 1, 2017	1,704,392	1,799,279
Deer Park	5.900	August 1, 2006	June 1, 2017	1,941,308	2,043,881
Eastburn Square	5.500	February 1, 2005	February 1, 2019	1,603,964	1,677,138
Epsom Downs	5.900	August 1, 2006	July 1, 2017	6,738,540	7,091,268
Evergreen Downs	4.470	December 1, 2008	December 1, 2017	1,901,747	2,007,621
Franklin Street	4.470	December 1, 2008	January 1, 2017	648,919	688,657
Greystone Village	5.500	February 1, 2005	February 1, 2019	5,583,062	5,837,764
Guildford Glen	4.470	December 1, 2008	August 1, 2016	2,771,935	2,949,511
Habitat Villa	5.500	February 1, 2005	February 1, 2015	980,325	1,050,626
Heather Place	4.470	December 1, 2008	January 1, 2018	5,050,279	5,329,083
Hemlock Court	6.450	February 1, 2005	December 1, 2019	1,294,172	1,344,167
Hugh Bird Residence	4.470	December 15, 2008	December 15, 2016	1,275,383	1,353,928
Kingston Gardens I, II, III	4.470	December 1, 2008	August 1, 2016	4,973,915	5,292,554
Kinston Gardens IV	4.470	December 1, 2008	October 1, 2016	2,302,193	2,447,018
Knightsbridge I	5.500	February 1, 2005	March 1, 2018	4,551,741	4,780,055
Knightsbridge II	5.500	February 1, 2005	March 1, 2019	4,258,140	4,450,771
Le Chateau Place	5.500	February 1, 2005	February 28, 2015	399,021	427,333
London Square	4.470	December 1, 2008	January 1, 2018	2,932,602	3,094,498
Lynden Court	4.470	December 1, 2008	January 1, 2018	2,958,789	3,122,131
Malaspina Village	4.470	December 1, 2008	October 1, 2017	4,017,239	4,244,706
Maple Vine Court	5.500	February 1, 2005	April 1, 2018	4,152,104	4,358,547
McBride Place	6.870	June 1, 2005	February 1, 2020	5,768,098	5,978,915
Moffatt Park	5.770	February 1, 2005	July 1, 2019	1,365,280	1,423,666
Moray Place	5.770	February 1, 2005	May 1, 2018	3,309,578	3,469,312
Ozada Village	4.470	December 1, 2008	August 1, 2017	2,690,696	2,845,679
Park Court	11.000	June 1, 2014	June 1, 2014	602,745	634,662
Pinewood Place	4.470	December 1, 2008	October 1, 2020	3,036,731	3,166,245
Ran Beamish Place	5.500	February 1, 2005	April 1, 2019	7,273,849	7,600,157
River Place	4.470	December 1, 2008	October 10, 2017	6,530,222	6,899,982
Single family homes				-	202,211
Somerset Gardens I	4.470	December 1, 2008	August 1, 2017	2,307,842	2,440,774
Somerset Gardens II	4.470	December 1, 2008	August 1, 2017	2,609,677	2,759,994
Somerset Gardens III	5.900	August 1, 2006	June 1, 2017	3,283,853	3,457,363
Strathearn Court	5.770	February 1, 2005	May 1, 2019	5,578,272	5,820,889
Sutton Place	4.470	December 1, 2008	October 1, 2017	4,544,003	4,801,297
Tivoli Gardens	5.770	February 1, 2005	May 1, 2017	7,007,909	7,385,237
Walnut Gardens	6.870	June 1, 2005	January 1, 2020	1,634,922	1,695,205
Total NHA Section 95 projects				122,668,739	129,233,611
NHA Section 27 projects:					
Debentures payable to CMHC :					
Earle Adams Village	8.000		July 1, 2028	3,428,673	3,471,032
Euclid Square	8.000		September 1, 2028	1,007,163	1,019,606
Grandview Gardens	8.000		September 1, 2026	738,431	749,367
Kelly Court	8.000		January 1, 2029	1,391,770	1,408,964
Meridian Village	8.000		September 1, 2026	5,940,632	6,028,947
Minato West	8.000		January 1, 2028	3,373,263	3,418,737
Semlin Terrace	8.000		September 1, 2026	1,071,446	1,087,607
St. Andrews Place	8.000		February 1, 2026	376,421	382,059
Total debentures payable				17,327,799	17,566,319

Seniors Projects:

Mortgages payable:

GREATER VANCOUVER HOUSING CORPORATION

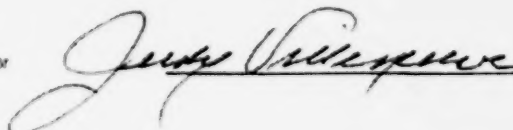
Schedule 2 Mortgages and Debentures Payable

December 31, 2004, with comparative figures for 2003

Rental Property	Interest Rate - %	Renewal Date	Maturity Date	2004	2003
Seniors Projects:					
Mortgages payable:					
Alderwood Place	4.280	September 1, 2008	July 1, 2027	4,597,726	4,716,668
Cedarwood Place	4.700	March 1, 2008	January 1, 2023	2,196,459	2,272,131
Total seniors projects				6,794,185	6,988,799
Homes BC Projects:					
Mortgages payable:					
Chateau de Ville	7.020	June 1, 2007	June 1, 2007	10,899,421	11,007,701
Claude Douglas	5.100	November 1, 2014	November 1, 2014	3,205,326	3,250,190
Fraserwood	6.545	December 1, 2010	December 1, 2010	5,142,803	5,210,296
Maplewood	5.510	May 1, 2007	May 1, 2007	3,747,338	3,788,432
Inflet Centre Residences	4.914	October 1, 2010	October 1, 2010	8,182,208	8,275,118
Oaklinwood	6.038	August 1, 2006	August 1, 2006	7,240,678	7,315,630
Total Homes BC Projects				38,417,774	38,847,367
GVHC Projects:					
Mortgages payable:					
Crown Manor	internal	July 15, 2005	July 15, 2005	1,306,667	1,343,810
Elmbridge Way				-	6,254,290
Manor House	internal	March 15, 2005	March 15, 2005	2,187,218	2,251,863
Regal Hotel	internal	March 15, 2005	March 15, 2005	776,555	799,506
Welcher	internal	March 15, 2005	March 15, 2005	147,055	154,470
Total GVHC projects				4,417,495	10,803,939
Total mortgages and debentures payable				189,625,992	203,440,035
Less current portion (note 2)				64,077,159	56,366,118
				\$ 125,548,833	\$ 147,073,917

See accompanying notes to financial statements.

 Director

 Director

GREATER VANCOUVER HOUSING CORPORATION

Schedule 3

Rental Property Operations Revenue and Expenditure

Year ended December 31, 2004, with comparative figures for 2003

Rental Property	No. Units	Revenue				Expenditure			Net income (loss)	
		Property Rentals	Government Assistance	Other	Total	Operating	Debt Interest	Total	2004	2003
NHA Section 95 projects										
Burnaby										
Eastburn Square	30	\$ 253,140	\$ 56,135	\$ 2,095	\$ 311,370	\$ 189,374	\$ 89,420	\$ 278,794	\$ 32,576	\$ 5,769
Greystone Village	96	853,326	194,301	16,545	1,064,172	532,588	311,255	843,843	220,329	20,384
Ran Beamish Place	122	1,114,035	249,180	13,559	1,376,774	795,773	405,352	1,201,125	175,649	105,769
Coquitlam										
Chateau Place	24	174,960	17,221	3,709	195,890	138,034	22,546	160,580	35,310	9,308
Malaspina Village	67	575,687	99,214	6,120	681,021	377,066	183,463	560,529	120,492	83,400
Ozada Village	61	423,159	69,566	9,381	502,106	384,374	122,945	507,319	(5,213)	(35,490)
Park Court	30	200,771	59,311	3,670	263,752	149,643	66,189	215,832	47,920	5,412
Delta										
Evergreen Downs	38	312,927	47,016	5,395	365,338	226,268	86,807	313,075	52,263	19,066
Lynden Court	51	472,480	73,762	6,117	552,359	284,913	135,023	419,936	132,423	105,513
New Westminster										
London Square	48	464,766	72,693	4,062	541,521	392,638	133,829	526,467	15,054	(19,102)
McBride Place	94	818,587	261,235	10,134	1,089,956	652,104	398,634	1,050,738	39,218	23,254
North Vancouver										
Pinewood Place	50	527,752	69,152	6,678	603,582	283,159	137,659	420,818	182,764	130,599
Walnut Gardens	26	264,430	75,605	3,341	343,376	186,411	113,009	299,420	43,956	25,982
Port Coquitlam										
River Place	111	724,662	161,097	17,319	903,078	717,591	298,229	1,015,820	(112,742)	(161,207)
Port Moody										
Moray Place	52	473,753	123,939	5,229	602,921	352,887	193,735	546,622	56,299	41,256
Richmond										
Adelaide Court	68	645,010	79,752	8,955	733,717	468,704	140,938	609,642	124,075	116,628
Knightsbridge I	80	710,300	164,921	10,882	886,103	481,854	254,374	736,228	149,875	133,145
Knightsbridge II	80	697,679	147,097	3,478	848,454	459,033	237,343	696,376	152,078	116,352
Maple Vine Court	82	605,046	149,349	7,605	762,000	499,453	231,985	731,438	30,562	(9,254)
Moffatt Park	21	205,028	48,365	3,314	256,707	133,081	79,686	212,767	43,940	22,996
Surrey										
Deer Park Lane	31	292,032	78,844	2,201	373,077	252,290	116,453	368,743	4,334	(17,810)
Epsom Downs	108	927,539	273,451	11,089	1,212,079	745,821	404,117	1,149,938	62,141	(52,850)
Guildford Glen	79	524,578	128,557	14,108	667,243	513,015	127,090	640,105	27,136	(11,073)
Kingston Gardens I, II, III	144	1,153,375	133,002	3,817	1,290,194	819,829	228,048	1,047,877	242,317	139,445
Kingston Gardens IV	48	364,235	60,848	2,372	427,455	291,342	105,488	396,830	30,625	(26,189)
Somerset Gardens	166	1,366,840	255,643	20,248	1,642,731	1,031,807	421,682	1,453,489	189,242	95,840
Sutton Place	83	634,319	114,631	14,467	763,417	541,680	207,520	749,200	14,217	(78,225)
Vancouver										
Ashdown Gardens	30	241,347	43,231	2,414	286,992	155,474	77,798	233,272	53,720	34,331
Franklin Street	34	119,325	40,744	4,782	164,851	178,647	29,708	208,355	(43,504)	(50,943)
Habitat Villa	36	434,102	41,647	4,266	480,015	207,362	55,413	262,775	217,240	191,478
Heather Place	86	730,148	125,268	9,203	864,619	382,767	230,468	613,235	251,384	29,641
Hemlock Court	21	180,535	54,258	2,505	237,298	136,050	84,137	220,187	17,111	2,783
Hugh Bird Residence	65	335,942	27,244	20,493	383,679	366,497	58,800	425,297	(41,618)	(91,411)
Strathearn Court	96	839,485	200,542	9,381	1,049,408	538,929	325,709	864,638	184,770	131,486
Tivoli Gardens	151	1,392,445	271,988	17,616	1,682,049	844,192	411,445	1,255,637	426,412	301,410
Single Family Homes	7	33,078	5,449	(5,335)	33,192	30,974	12,755	43,729	(10,537)	21,887
	2,416	20,087,023	4,074,258	281,215	24,442,496	14,741,824	6,539,052	21,280,876	3,161,820	1,359,580
Capital reserve transfer		-	-	-	-	(24,498)	-	(24,498)	24,498	-
Rental subsidy reserve transfer		-	-	-	-	857,163	-	857,163	(857,163)	437,501
Total NHA Section 95	2,416	20,087,023	4,074,258	281,215	24,442,496	15,574,289	6,539,052	22,113,341	2,329,155	1,797,081

GREATER VANCOUVER HOUSING CORPORATION

Schedule 3

Rental Property Operations Revenue and Expenditure

Year ended December 31, 2004, with comparative figures for 2003

Rental Property	No. Units	Revenue				Expenditure			Net income (loss)	
		Property Rentals	Government Assistance	Other	Total	Operating	Debt Interest	Total	2004	2003
NHA Section 27 projects										
North Vancouver										
St. Andrews Place	15	\$ 111,970	\$ -	\$ 2,284	\$ 114,254	\$ 81,342	\$ 30,947	\$ 112,289	\$ 1,965	\$ 4,413
Port Coquitlam										
Meridian Village	202	1,609,149	109,045	17,202	1,735,396	1,016,587	484,756	1,501,343	234,053	(41,424)
Richmond										
Minato West	110	919,596	23,946	7,742	951,284	566,063	273,982	840,045	111,239	93,331
Vancouver										
Earle Adams Village	105	897,653	55,536	11,076	964,265	483,094	279,780	762,874	201,391	49,920
Euclid Square	33	274,632	11,932	3,857	290,421	142,764	82,184	224,948	65,473	23,308
Grandview Gardens	20	190,585	-	105	190,690	100,207	60,025	160,232	30,458	5,706
Kelly Court	45	206,078	182,446	5,285	393,809	270,711	113,569	384,280	9,529	12,397
Semlin Terrace	36	289,489	-	7,443	296,932	181,761	88,707	270,468	26,464	(7,631)
Total NHA Section 27	566	4,499,152	382,905	54,994	4,937,051	2,842,529	1,413,950	4,256,479	680,572	140,020
Seniors projects										
Richmond										
Alderwood Place	48	244,537	233,780	6,600	484,917	352,460	197,852	550,312	(65,395)	(33,315)
Cedarwood Place	73	315,450	135,440	4,535	455,425	347,074	104,185	451,259	4,166	(20,126)
		559,987	369,220	11,135	940,342	699,534	302,037	1,001,571	(61,229)	(53,441)
Receivable from (payable to) BCMHC		-	-	-	-	(8,716)	-	(8,716)	8,716	(15,208)
Total Seniors projects	121	559,987	369,220	11,135	940,342	690,818	302,037	992,855	(52,513)	(68,649)
Homes BC projects										
Coquitlam										
Chateau de Ville	86	637,128	527,230	11,894	1,176,252	605,184	758,284	1,363,468	(187,216)	(200,583)
Inlet Centre	96	553,460	623,580	49	1,177,089	747,311	400,585	1,147,896	29,193	(308,884)
Maple Ridge										
Fraserwood	48	291,923	358,575	7,148	657,646	393,300	334,481	727,781	(70,135)	(7,273)
Richmond										
Odlinwood	48	380,772	343,281	1,988	726,041	391,354	434,218	825,572	(99,531)	(64,304)
Maplewood	26	230,234	157,563	1,628	389,425	233,313	205,371	438,684	(49,259)	(32,982)
Vancouver										
Claude Douglas	39	116,074	270,407	6,920	393,401	240,061	142,192	382,253	11,148	(57,311)
Total Homes BC projects	343	2,208,591	2,280,636	29,627	4,519,854	2,610,523	2,275,131	4,885,654	(365,800)	(671,337)
GVHC projects										
Port Coquitlam										
Welcher Avenue	-	23,400	-	-	23,400	16,796	3,442	20,238	3,162	10,801
North Vancouver										
Manor House	50	401,574	-	10,819	412,393	294,813	50,530	345,343	67,050	52,580
Vancouver										
Regal Hotel	41	234,343	-	1,172	235,515	294,246	17,940	312,186	(76,671)	(5,353)
New Westminster										
Crown Manor	28	188,604	2,700	3,365	194,669	179,826	30,171	209,997	(15,328)	(11,715)
Total GVHC projects	119	847,921	2,700	15,356	865,977	785,681	102,083	887,764	(21,787)	46,313
Other										
BCHMC transfers	-	-	-	-	-	-	-	-	-	-
Development & consulting	-	-	-	97,817	97,817	215,924	-	215,924	(118,107)	(202,226)
Capital reserve transfer	-	-	-	-	-	(118,107)	-	(118,107)	118,107	202,226
Total Other	-	-	-	97,817	97,817	97,817	-	97,817	-	-
Total	3,565	\$ 28,203,674	\$ 7,109,719	\$ 490,144	\$ 35,803,537	\$ 22,601,657	\$ 10,632,253	\$ 33,233,910	\$ 2,569,627	\$ 1,243,428

See accompanying notes to financial statements.

